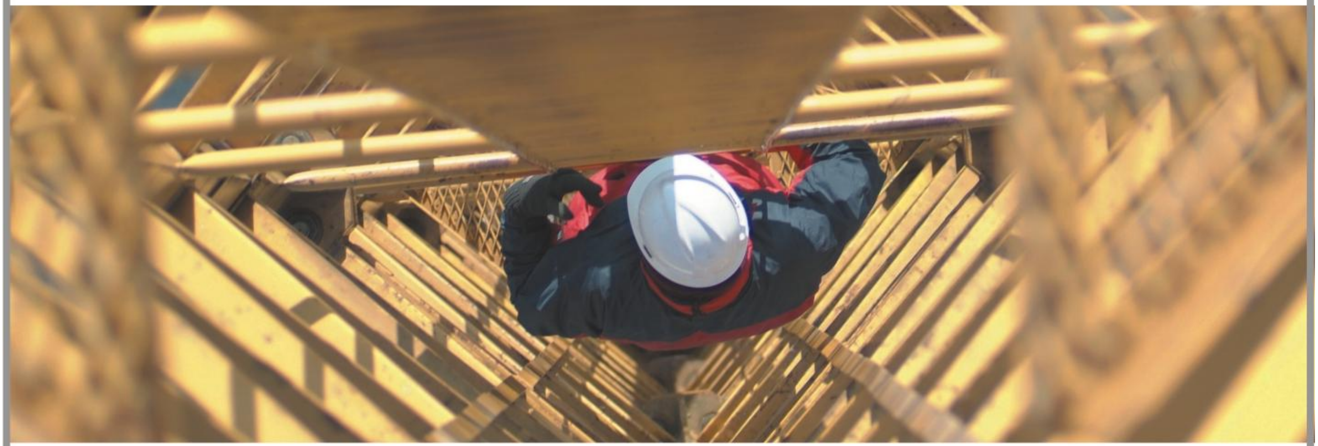
inpro



Consolidated financial statements made in conformity with the International Financial Reporting Standards as at 31 December 2015

inpro.com.pl

spółka notowana na GPW

CONTENTS

Gdańsk, 21 March 2016

Full name and function	signature
Piotr Stefaniak President of the Management Board	
Zbigniew Lewiński Vice-President of the Management Board	
Krzysztof Maraszek Vice-President of the Management Board	
Elżbieta Marks The person responsible for keeping the books	

Unless indicated otherwise, all amounts were given in thousands of zlotys

SELECTED FINANCIAL DATA CONCERNING THE CONSOLIDATED FINANCIAL STATEMENTS OF THE INPRO SA CAPITAL GROUP

Selected data concerning the condensed consolidated financial statements of the INPRO SA Capital Group				
	01/01/2015 - 31/12/2015	**01/01/2014 - 31/12/2014**	**01/01/2015 - 31/12/2015**	**01/01/2014 - 31/12/2014**
	PLN '000		**EUR '000**	
Net sales revenues	211 021	147 732	50 426	35 264
Gross profit (loss) on sales	57 645	34 241	13 775	8 174
Profit (loss) on operating activities	33 694	12 697	8 051	3 031
Gross profit (loss)	32 370	10 242	7 735	2 445
Net profit (loss)	25 799	8 172	6 165	1 951
- attributable to non-controlling shareholders	896	499	214	119
Earnings (loss) per share in the Parent Entity (PLN/EUR)	0,6219	0,1916	0,1486	0,0457
Net cash flows from operating activities	40 586	19 830	9 698	4 733
Net cash flows from investing activities	(4 742)	(7 684)	(1 133)	(1 834)
Net cash flows from financing activities	(47 331)	19 451	(11 310)	4 643
Net cash flows	(11 487)	31 597	(2 745)	7 542
	31/12/2015	**31/12/2014**	**31/12/2015**	**31/12/2014**
	PLN '000		**EUR '000**	
Total assets	368 184	373 043	86 398	87 522
Liabilities and provisions for liabilities	139 367	166 016	32 704	38 950
Provisions for liabilities	6 374	5 675	1 496	1 331
Long-term liabilities	36 563	51 933	8 580	12 184
Short-term liabilities	96 430	108 408	22 628	25 434
Equity	228 817	207 027	53 694	48 572
- attributable to non-controlling shareholders	10 880	10 543	2 553	2 474
Number of shares (pcs)	40 040 000	40 040 000	40 040 000	40 040 000
Book value per share (in PLN/EUR)	5,7147	5,1705	1,3410	1,2131

ZLOTY TO EURO CONVERSION RATES	average zloty rate in the period 01/01/2015 -31/12/2015	average zloty rate as at 31/12/2015
	4,1848	4,2615
	average zloty rate in the period 01/01/2014 -31/12/2014	average zloty rate as at 31/12/2014
	4,1893	4,2623

Unless indicated otherwise, all amounts were given in thousands of zlotys

CONSOLIDATED STATEMENT OF TOTAL INCOME FOR THE PERIOD ENDED ON 31/12/2015

	Note	01/01/2015 -31/12/2015 (audited) PLN '000	01/01/2014 -31/12/2014 (audited) PLN'000
Continuing operations			
Sales revenues	12.1	211 021	147 732
Cost of sales	12.2	(153 376)	(113 491)
Gross profit (loss) on sales		**57 645**	**34 241**
Selling costs	12.2	(5 385)	(4 761)
Administrative expenses	12.2	(19 281)	(16 374)
Other operating revenues	12.3	1 486	1 387
Other operating costs	12.4	(771)	(1 796)
Profit (loss) on operating activities		**33 694**	**12 697**
Financial revenues	12.5	425	405
Financial costs	12.6	(1 749)	(2 860)
Gross profit (loss)		**32 370**	**10 242**
Income tax	13	(6 571)	(2 070)
Net profit (loss) from continuing operations		**25 799**	**8 172**
TOTAL INCOME		**25 799**	**8 172**
Net profit (loss) attributable to:		**25 799**	**8 172**
- the parent entity's shareholders		24 903	7 673
- non-controlling shareholders		896	499
Total income attributable to:		**25 799**	**8 172**
- the parent entity's shareholders		24 903	7 673
- non-controlling shareholders		896	499
Earnings (loss) per share in the parent entity (PLN)		**31/12/2015**	**31/12/2014**
- basic		0,6219	0,1916
- diluted			

Unless indicated otherwise, all amounts were given in thousands of zlotys

CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION AS AT 31/12/2015

ASSETS	Note	31/12/2015 (audited)	31/12/2014 Processed data (audited)
Fixed (long-term) assets		**106 213**	**104 404**
Property, plant and equipment	17	95 551	95 707
Goodwill	19,20	6 708	5 624
Other intangibles	19	145	283
Long-term receivables		9	-
Investment properties	18	1 730	1 062
Other long-term prepayments		82	11
Deferred tax assets	13	1 988	1 717
Current (short-term) assets		**261 971**	**268 639**
Inventory	21	213 440	211 902
Trade and other receivables	22	13 213	7 459
Current tax assets		269	987
Other financial assets	23	7 821	9 576
Cash and cash equivalents	24	27 228	38 715
TOTAL ASSETS		**368 184**	**373 043**

Unless indicated otherwise, all amounts were given in thousands of zlotys

CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION AS AT 31/12/2015 (CONTINUED)

EQUITY AND LIABILITIES	Note	31/12/2015 (audited)	31/12/2014 Processed data (audited)
Equity (attributable to the parent entity's shareholders)		**217 937**	**196 484**
Issued share capital		4 004	4 004
Reserves		51	51
Retained profit		213 882	192 429
Capital attributable to non-controlling shareholders		**10 880**	**10 543**
Total equity		**228 817**	**207 027**
Long-term liabilities		**40 547**	**54 943**
Retirement benefit liabilities (a provision)		3 694	2 773
Deferred income tax provision		290	237
Long-term credits and bank borrowings		33 363	49 579
Other financial liabilities (lease)		944	161
Trade and other liabilities		2 256	2 193
Short-term liabilities		**98 820**	**111 073**
Short-term provisions		2 390	2 665
Short-term credits and bank borrowings		19 095	22 459
Debt instrument liabilities		-	20 403
Other liabilities (financial lease)		395	287
Current income tax liabilities		779	124
Trade and other liabilities		76 161	65 135
Total liabilities		**139 367**	**166 016**
TOTAL EQUITY AND LIABILITIES		**368 184**	**373 043**

Unless indicated otherwise, all amounts were given in thousands of zlotys

CONSOLIDATED STATEMENT OF THE CHANGES IN EQUITY FOR THE PERIOD ENDED ON 31/12/2015

	Share capital	Share premium capital	Revaluation reserve	Retained profit	Attributable to non-controlling shareholders	Total
As at 01/01/2015	**4 004**	**62 237**	**51**	**130 192**	**10 543**	**207 027**
Dividend payment to the parent entity’s shareholders	-	-	-	(3 603)	-	**(3 603)**
Dividend payment - non-controlling shareholders	-		-	(31)	(345)	**(376)**
Net profit (loss) for the financial year	-	-	-	24 903	896	**25 799**
Increase of the share in a subsidiary, PB Domesta	-	-	-	568	(1 023)	**(455)**
Increase of the share capital in inBet Sp. z o.o.	-	-	-	(384)	486	**102**
Acquisition of shares in PI ISA Sp. z o.o.	-	-	-	-	323	**323**
As at 31/12/2015	**4 004**	**62 237**	**51**	**151 645**	**10 880**	**228 817**

CONSOLIDATED STATEMENT OF THE CHANGES IN EQUITY FOR THE PERIOD ENDED ON 31/12/2014

	Share capital	Share premium capital	Revaluation reserve	Retained profit	Attributable to non-controlling shareholders	Total
As at 01/01/2014	**4 004**	**62 237**	**87**	**126 525**	**10 259**	**203 112**
Increase of the supplementary capital in relation to liquidation of fixed assets	-	-	(36)	36	-	**-**
Dividend payment to the parent entity's shareholders	-	-	-	(4 004)	-	**(4 004)**
Net profit (loss) for the financial year	-	-	-	7 673	499	**8 172**
Dividend payment - non-controlling shareholders	-	-	-	(38)	(215)	**(253)**
As at 31/12/2014	**4 004**	**62 237**	**51**	**130 192**	**10 543**	**207 027**

Unless indicated otherwise, all amounts were given in thousands of zlotys

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31/12/2015

Cash flows from operating activities	**01/01/2015 -31/12/2015 (audited) PLN '000**	**01/01/2014 -31/12/2014 Processed data (audited) PLN '000**
Gross profit/(loss)	**32 370**	**10 242**
Adjustments:	**8 216**	**9 588**
Depreciation	6 047	5 853
Income tax paid	(4 555)	(2 850)
Exchange gains (losses)	(7)	1
Interest and dividends	2 137	2 770
Profit/(loss) on investing activities	(103)	(15)
(Increase)/ decrease of receivables	(6 276)	(409)
(Increase)/ decrease of inventory	(2 237)	(11 851)
Increase/ (decrease) of liabilities	12 564	14 624
Increase/ (decrease) of accrued/prepaid expenses	117	464
Change in provisions	(222)	1 013
Other	751	(12)
Net cash flows from operating activities	**40 586**	**19 830**

Cash flows from investing activities	**01/01/2015 -31/12/2015 (audited) PLN '000**	**01/01/2014 -31/12/2014 Processed data (audited) PLN '000**
Sale of property, plant, equipment and intangibles	153	99
Sale of financial assets	52	15
Interest received	(3 277)	(7 798)
Acquisition of property, plant, equipment and intangibles	(1 670)	-
Net cash flows from investing activities	**(4 742)**	**(7 684)**

Unless indicated otherwise, all amounts were given in thousands of zlotys

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31/12/2015 (CONTINUED)

Cash flow from financing activities	**01/01/2015 -31/12/2015 (audited) PLN '000**	**01/01/2014 -31/12/2014 Processed data (audited) PLN '000**
Net proceeds from the issue of shares or stock	102	-
Proceeds in relation to loans/credits obtained	30 530	54 497
Payments in relation to finance lease agreements	(898)	(709)
Repayment of loans/credits	(50 110)	(27 494)
Interest paid	(2 538)	(2 443)
Dividends paid to:	(4 429)	(4 257)
- the parent entity's shareholders	*(3 603)*	*(4 004)*
- non-controlling shareholders	*(826)*	*(253)*
Issue of debt securities (bonds)	(20 000)	-
Other financial expenditure	-	(189)
Other financial proceeds	12	46
Net cash flows from financing activities	**(47 331)**	**19 451**
Net increase in cash and cash equivalents	**(11 487)**	**31 597**
Cash at the beginning of the period	**38 715**	**7 118**
Cash at the end of the period	**27 228**	**38 715**

Unless indicated otherwise, all amounts were given in thousands of zlotys

ADDITIONAL INFORMATION AND EXPLANATIONS

1. General information

The INPRO SA Capital Group (the "Group") consists of the parent entity, i.e. INPRO SA, and its subsidiaries (see Note 2). The consolidated financial statements of the Group cover the year ended on 31 December 2015 and comprise comparatives for the year ended on 31 December 2014.

The basic object of the Capital Group is the property development activity that is the construction and sale of residential and commercial premises (Inpro SA, Domesta Sp. z o.o.).
In addition, other companies within the Group are involved in the following:
- manufacture of precast concrete elements, manufacture and erection of steel structures for the civil engineering, industrial and municipal construction industry (inBet Sp. z o.o.- previous name Rugby Prefabrykaty Sp. z o.o.),
- hotel services (Dom Zdrojowy Sp. z o. o. and Hotel Mikołajki Sp. z o.o.),
- sanitary and heating installations (Przedsiębiorstwo Instalacyjne ISA Sp. z o.o. – a company included in the INPRO SA Capital Group as from 1 July 2015).

INPRO SA (the "Parent Company," "Company") was established by way of the notarised deed of 6 April 1987 as INPRO Spółka z ograniczoną odpowiedzialnością. On 29 May 2008 the legal status was changed from a limited liability company to a joint-stock company. The registered office of the Parent Company is in Gdańsk at ul. Opata Jacka Rybińskiego 8.
The Parent Company is recorded in the register of entrepreneurs of the National Court Register kept by the District Court in Gdańsk, 7th Business Division of the National Court Register, under number KRS 306071.
The Parent Company was given the REGON business registry number 008141071 and the tax identification number: 589-000-85-40.
The duration of the Parent Company and entities in the Capital Group is unspecified.

The Group did not discontinue any of the kinds of its activity in the reporting period ended on 31 December 2015.

The share capital of INPRO SA did not change in the reporting period ended on 31 December 2015. As at 31 December 2015, the share capital of INPRO was PLN 4,004,000.00 and was divided into 40,040,000 ordinary bearer shares of the nominal value of 10 groszes each.

As at the balance sheet date and 31/12/2015, the shareholding structure of the parent entity is as follows:

SHAREHOLDING STRUCTURE AS AT 31/12/2015						
Entity (full name)	Series	Number of shares	Nominal value in PLN	Share in the share capital	Number of votes	Share in the number of votes
Piotr Stefaniak	A	8 460 000	846 000	21.13%	8 460 000	21.13%
Zbigniew Lewiński	A	9 460 000	946 000	23.63%	9 460 000	23.63%
Krzysztof Maraszek	A	10 010 000	1 001 000	25.00%	10 010 000	25.00%
ING OFE	A	2 100 000	210 000	17.93%	7 177 704	17.93%
	B	5 077 704	507 770			
Shareholders with less than 5% of votes	B	4 932 296	493 230	12.31%	4 932 296	12.31%
TOTAL		**40 040 000**	**4 004 000**	**100%**	**40 040 000**	**100%**

Unless indicated otherwise, all amounts were given in thousands of zlotys

As at the balance sheet date and 31/12/2014, the shareholding structure of the parent entity is as follows:

SHAREHOLDING STRUCTURE AS AT 31/12/2014						
Entity (full name)	Series	Number of shares	Nominal value in PLN	Share in the share capital	Number of votes	Share in the number of votes
Piotr Stefaniak	A	8 460 000	846 000	21.13%	8 460 000	21.13%
Zbigniew Lewiński	A	9 460 000	946 000	23.63%	9 460 000	23.63%
Krzysztof Maraszek	A	10 010 000	1 001 000	25.00%	10 010 000	25.00%
ING OFE	A	2 100 000	210 000	17.93%	7 177 704	17.93%
	B	5 077 704	507 770			
Shareholders with less than 5% of votes	B	4 932 296	493 230	12.31%	4 932 296	12.31%
TOTAL		**40 040 000**	**4 004 000**	**100%**	**40 040 000**	**100%**

To the Company's best knowledge, no significant changes in the shareholding structure occurred as at 31 December 2015 against the status as at 31 December 2014.

In the period from 31 December 2015 until the submission of this report, the shareholders did not advise of any change in the shareholdings in INPRO SA.

The members of the supervising body of INPRO SA do not hold the Company's shares.

2. Information concerning related entities

2.1 Capital Group composition and its changes

As at 31/12/2015, the Group consists of INPRO SA and the following subsidiaries:

No.	**Entity's name**	**Registered office**	**Object**	**Share in the share capital (%)**	**Share in voting rights (%)**	**Acquisition price of the shares**
1.	inBet Sp. z o.o.	Kolbudy, ul. Przemysłowa 10	Manufacture of reinforced concrete, concrete and steel elements	72.00%	72.00%	6 812
2.	Dom Zdrojowy Sp. z o.o.	Jastarnia, ul. Tadeusza Kościuszki 2A	Hotel services	100.00%	100.00%	19 120
3.	P.B. Domesta Sp. z o.o.	Gdańsk, ul. Cementowa 5-9	Property development activity, main contracting for multi-family residential buildings	59.57%	59.57%	13 926
4.	Hotel Mikołajki Sp. z o.o.	Mikołajki, Aleja Spacerowa 11	Hotel services	100.00%	100.00%	15 784*
5.	PI ISA Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8/6	Sanitary and heating installations	76.92%	76.92%	2 183
						57 825

Unless indicated otherwise, all amounts were given in thousands of zlotys

* The total capital employment of INPRO SA in a subsidiary, Hotel Mikołajki Sp. z o.o., comprises, in addition to the shares specified above, returnable additional contributions provided in 2015 – see the "Changes in the Group's composition in 2015," item f).

As at 31/12/2014, the Group consists of INPRO SA and the following subsidiaries:

No.	Entity's name	Registered office	Object	Share in the share capital (%)	Share in voting rights (%)	Acquisition price of the shares
1.	inBet Sp. z o.o. (previous name- Rugby Prefabrykaty Sp. z o.o.)	Kolbudy, ul. Przemysłowa 10	Manufacture of reinforced concrete, concrete and steel elements	51.00%	51.00%	3 549
2.	Dom Zdrojowy Sp. z o.o.	Gdańsk, ul. Piastowska 1 The principal place of business is in the hotel at the following address: Jastarnia, ul. Kościuszki 2	Hotel services	100.00%	100.00%	19 120
3.	P.B. Domesta Sp. z o.o.	Gdańsk, ul. Cementowa 5-9	Property development activity, main contracting for multi-family residential buildings	54.26%	54.26%	13 471
4.	Hotel Mikołajki Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8. The activity is pursued in Mikołajki, al. Spacerowa 11	Hotel services	100.00%	100.00%	15 785
						51 925

In addition to the above, INPRO SA is related to Hotel Oliwski Sp. z o.o., a company personally related through Mr Piotr Stefaniak – 162 shares of the nominal value of PLN 10k each (100% of the shares in that entity's capital-PLN 1,620k).

As at 31 December 2015, the share in the total number of votes held by the Group in subsidiaries equals the Group's share in the capital of those entities.

As at the balance sheet date and 31/12/2014, all the companies within the Capital Group were comprised by the full method consolidation.

The subsidiaries do not hold shares in entities not controlled.

Changes in the Group's composition in 2015:

In 2015 the composition of the INPRO SA Capital Group was extended to include Przedsiębiorstwo Instalacyjne ISA Sp. z o.o.

This is because on 01/07/2015 INPRO SA entered into three purchase agreements for the total of 270 shares in Przedsiębiorstwo Instalacyjne ISA Sp. z o.o. with its registered office in Gdańsk. On the basis of the signed agreements INPRO SA purchased 90 shares at the nominal value of PLN 200 each from each of the members of the Management Board of INPRO S.A., that is from Mr Piotr Stefaniak, Mr Krzysztof Maraszek and Mr Zbigniew Lewiński. After the purchase of the shares, INPRO S.A. holds in PI ISA Sp. z o.o. the total of 270 shares of the nominal value of PLN 54,000, such shares granting jointly 76.92 % of the capital of that entity (PLN 80,000). The purchase agreement was registered in the National Court Register on 07/09/2015.

Moreover, the following events took place:

a) On 06/11/2014 the Extraordinary General Meeting of inBet Sp. z o.o. (the company still acting under the business name of RUGBY Prefabrykaty Sp. z o.o.) adopted resolution No. 2/2014 under which that company's share capital was increased from PLN 5,331,200 to PLN 6,331,192, i.e. by the sum of PLN 999,992, by way of creation of 17,857 new shares of the nominal value of PLN 56 each, with the exclusion of the right of priority of a shareholder, A. Meronk, to subscribe for the newly created shares. INPRO S.A. subscribed for all the newly created shares in the increased share capital of inBet Sp. z o.o. and covered those shares by cash. Following the registration of the capital increase, the number of the shares held by the INPRO SA in inBet Sp. z o.o. is 66,409 shares (58.74% of the share capital). The increase of the capital was registered by the National Court Register on 16/02/2015.
b) On 14/05/2015 the Extraordinary General Meeting of inBet Sp. z o.o. adopted resolution under which that company's share capital was increased from PLN 6,331,192 to PLN 9,331,168 i.e. by the sum of PLN 2,999,976, by way of creation of 53,571 new shares of the nominal value of PLN 56 each, with the exclusion of the right of priority of a shareholder, A. Meronk, to subscribe for the newly created shares INPRO S.A. subscribed for all the newly created shares in the increased share capital of inBet Sp. z o.o. and covered those shares by cash. Following the registration of the capital increase, the number of the shares held by the INPRO SA in inBet Sp. z o.o. is 119,980 shares (72 % of the share capital). The increase of the capital was registered by the National Court Register on 17/06/2015.
c) On 21/05/2015 the Extraordinary General Meeting of Dom Zdrojowy Sp. z o.o. adopted resolution No. 1/2015 on the change of the company's registered office to the following address: 84-140 Jastarnia, ul. Tadeusza Kościuszki 2A. The change of the registered office was registered by the National Court Register on 22/06/2015.
d) On 21/05/2015 the Extraordinary General Meeting of Hotel Mikołajki Sp. z o.o. adopted resolution No. 1/2015 on the change of the company's registered office to the following address: 11-730 Mikołajki, Al. Spacerowa 11. The change of the registered office was registered by the National Court Register on 16/07/2015.
e) On 27/05/2015 the sale agreement was concluded under which INPRO S.A. bought from Mr Cyprian Maj 20 shares of the nominal value of PLN 800 each in Przedsiębiorstwo Budowlane DOMESTA Sp. z o.o. As a result of the transaction, INPRO SA holds in PB DOMESTA Sp. z o.o. 224 shares of the total value of PLN 179,200, that amount constituting 59.57 % of the share capital. The change of the structure of shares was registered by the National Court Register on 27/08/2015.
f) On 09/07/2015 the Extraordinary General Meeting of Hotel Mikołajki Sp. z o.o., on the basis of resolution No. 5/2015, imposed the obligation on the sole shareholder (that is INPRO SA) to contribute a returnable additional payment to capital in the amount of PLN 2,227.48 per share held, that is the total sum of PLN 35,149,634.40. The additional payments contributed on 09/07/2015 were designated for the repayment of outstanding liabilities in relation to unpaid invoices for the main contracting of the construction of the hotel in Mikołajki and for the repayment of subordinate loans granted by INPRO SA.
g) On 17/09/2015 the Extraordinary General Meeting of inBet Sp. z o.o adopted a resolution under which that company's share capital was increased from PLN 9,331,168 to PLN 9,695,672, i.e. by the amount of PLN 364,504, by way of creation of 6,509 new shares of the nominal value of PLN 56 each. New shares were subscribed for in the following way: INPRO SA subscribed for 4,687 shares of the total value of PLN 262,472, and Mr Andrzej Meronk subscribed for 1,822 shares of the total value of PLN 102,032. The capital was covered by cash and subscribed for by INPRO SA and Mr Andrzej Meronk as appropriate with regard to the shares subscribed for. After the registration of the capital increase, the number of shares held by INPRO SA in the company is 124,667 shares, which continue to constitute 72 % of the share capital. The resolution was registered in the National Court Register on 04/11/2015.

Changes in the Group's composition in 2014:

The composition of the INPRO SA Capital Group did not change during 12 months of 2014.

Taking into account the redemption of 24 shares of the nominal value of PLN 750 each from net profit (the resolution of 28/06/2013) and the need to adjust the nominal value of unredeemed shares to the registered amount of the share capital, on 09/07/2014 the Ordinary General Meeting of PB DOMESTA Sp. z o. o. adopted a resolution on the increase of the nominal value of all the 376 shares from PLN 750 to PLN 797.87 and adopted a resolution on the increase of the share capital from the previous amount of PLN 300,000 to PLN 300,800 by increasing the value of all the 376 shares from PLN 797.87 to PLN 800 per share. The increased value shares were subscribed for by the current shareholders, and the increase was covered them in cash.

Unless indicated otherwise, all amounts were given in thousands of zlotys

Following the registration of the increase, the share capital of PB DOMESTA Sp. z o.o. is PLN 300,800 out of which INPRO S.A. holds 204 shares of the total nominal value of PLN 163,200, which continues to be 54.26% of the company's share capital.

On 3 September 2014 the Extraordinary General Meeting of RUGBY Prefabrykaty Sp. z o.o. with its registered office in Kolbudy, the Company's subsidiary, adopted resolution No. 2/2014 under which the business name of that entity was changed. It was resolved that that company will operate under the business name of inBet Spółka z ograniczoną odpowiedzialnością. The change of the business name was registered by the National Court Register on 06/11/2014.

On 06/11/2014 the Extraordinary General Meeting of inBet Sp. z o.o. (the company still acting under the business name of RUGBY Prefabrykaty Sp. z o.o.) adopted resolution No. 2/2014 under which that company's share capital was increased from PLN 5,331,200 to PLN 6,331,192, i.e. by the sum of PLN 999,992, by way of creation of 17,857 new shares of the nominal value of PLN 56 each, with the exclusion of the right of priority of a shareholder, A. Meronk, to subscribe for the newly created shares. INPRO S.A. subscribed for all the newly created shares in the increased share capital of inBet Sp. z o.o. and covered those shares by cash.

Following the registration of the capital increase, the number of the shares held by the INPRO SA in inBet Sp. z o.o. is 66,409 shares (58.74% of the share capital). The increase of the capital was registered by the National Court Register on 16/02/2015.

2.2 Share capital of the various entities comprised by the INPRO group as at 31/12/2015:

Entity's name	Share capital as at 31/12/2015
INPRO SA	4.004
DOMESTA Sp. z o.o.	301
inBet Sp. z o.o. (previous name- RUGBY Prefabrykaty Sp. z o.o.)	9.696
Dom Zdrojowy Sp. z o.o.	19.140
Hotel Mikołajki Sp. z o.o.	15.780
PI ISA Sp. z o.o.	80

2.3 Securities on shares in subsidiaries

	01/01/2015 -31/12/2015	01/01/2014 -31/12/2014
Securities on shares in subsidiaries	15 780	15 780
Total	**15 780**	**15 780**

I Registered pledge of 05 September 2011 on the shares in Hotel Mikołajki Sp. z o.o. in the amount of PLN 15,582 k for the following credit agreements:
- investment credit of 5 September 2011 in the amount of PLN 36,214 k granted to Hotel Mikołajki Sp. z o.o. by PKO BP SA; the highest security amount fixed in the pledge agreement being PLN 137,617 k;

Unless indicated otherwise, all amounts were given in thousands of zlotys

Claim satisfaction conditions: in the event of a failure to repay the whole or part of the secured claim, the following may take place:
1. The satisfaction of the Pledgee's claims, as its discretion, in the procedure prescribed by the provisions of law on enforcement proceedings, by taking over the ownership of the object of the pledge (at the price of the market value of the shares as determined in the valuation) or through the sale in a public tender held by a bailiff or notary public
2. Waiver by the Pledgee of the possibility of exercise of the so-called corporate rights (including the exercise of the voting right) in relation to Hotel Mikołajki Sp. z o.o.

II Registered pledge of 23 May 2013 on the shares in Hotel Mikołajki Sp. z o.o. in the amount of PLN 198 k for the following credit agreements:
- investment credit of 5 September 2011 in the amount of PLN 36,214 k granted to Hotel Mikołajki Sp. z o.o. by PKO BP SA; the highest security amount fixed in the pledge agreement being PLN 72,428 k;
Claim satisfaction conditions: in the event of a failure to repay the whole or part of the secured claim, the following may take place:
1. The satisfaction of the Pledgee's claims, as its discretion, in the procedure prescribed by the provisions of law on enforcement proceedings, by taking over the ownership of the object of the pledge (at the price of the market value of the shares as determined in the valuation) or through the sale in a public tender held by a bailiff or notary public
2. Waiver by the Pledgee of the possibility of exercise of the so-called corporate rights (including the exercise of the voting right) in relation to Hotel Mikołajki Sp. z o.o.

2.4 Details concerning subsidiaries with non-controlling shares

Entity	**Share in the share capital assigned to non-controlling shareholders**		**Net profit (loss) attributable to non-controlling shareholders**	**Cumulated value of non-controlling shares**	
	31/12/20015	**31/12/2014**	**2015**	**31/12/2015**	**31/12/2014**
inBet Sp. z o.o.	28,00%	49,00%	90	2 264	1 687
PB Domesta Sp. z o.o.	40,43%	45,74%	812	8 300	8 856
PI ISA Sp. z o.o.	23,08%	-	(6)	316	-
		Total	**896**	**10 880**	**10 543**

Selected financial information concerning subsidiaries holding non-controlling shares:

Item in the financial statement	inBet Sp. z o.o.		PB Domesta Sp. z o.o.		PI ISA Sp. z o.o.
	2015	2014	2015	2014	2015
Current (short-term) assets	4 664	2 104	23 106	20 844	2 508
Fixed (long-term) assets	5 655	3 400	300	284	240
Short-term liabilities	1 361	1 394	2 755	1 626	1 199
Long-term liabilities	788	51	122	140	4
Sales revenues	9 656	7 589	17 368	15 246	4 352
Other revenues	63	43	79	70	9
Net profit (loss)	746	(226)	2 020	1 525	147

Unless indicated otherwise, all amounts were given in thousands of zlotys

Net profit (loss) attributable to the parent entity's shareholders	656	(27)	1 208	827	153
Net profit (loss) attributable to non-controlling shareholders	90	(199)	812	698	(6)
Dividend paid to non-controlling shareholders	-	-	(345)	(215)	-

3. Composition of the Parent Company's Management Board and Supervisory Board

As at the date of preparation of these consolidated financial statements, the composition of the Management Board of the Parent Entity was as follows:

- Piotr Stefaniak - President of the Management Board
- Zbigniew Lewiński - Vice-President of the Management Board
- Krzysztof Maraszek - Vice-President of the Management Board

No changes in the composition of the body occurred in the period in question.

For the shareholdings of the members of the Management Board, see the shareholding structure in note 1.

As at the date of preparation of these consolidated financial statements, the composition of the Supervisory Board of the Parent Entity was as follows:

- Jerzy Glanc - Chairman of the Supervisory Board
- Krzysztof Gąsak - Deputy Chairman of the Supervisory Board
- Szymon Lewiński - Member of the Supervisory Board
- Łukasz Maraszek - Member of the Supervisory Board
- Wojciech Stefaniak - Member of the Supervisory Board

No changes in the composition of the body occurred in the period in question.

On 18 December 2015 the Management Board of INPRO SA received a statement from a member of the Supervisory Board, Mr Robert Maraszek, on resignation from his function as a member of the Supervisory Board effective on 31 December 2015. The resignation did not contain any reasons.
In relation to the above, on 18/12/2015 the Supervisory Board, while taking advantage of its power under clause 10 item 2 of the Company's Statutes, adopted resolution No. 35/2015 on the basis of which the Supervisory Board elected Mr Łukasz Maraszek a new member of the Supervisory Board.

Mr Łukasz Maraszek was appointed member of the Supervisory Board for the period from 01/01/2016 to the election of a new member of the Supervisory Board by the nearest General Assembly.

4. Approval of the financial statements

These consolidated financial statements were approved by the Management Board for publication on 21 March 2016.

5. Grounds for the preparation of the consolidated financial statements

The consolidated financial statements were prepared in conformity with the historical cost principle.

The consolidated financial statements were prepared on the assumption that the Group companies will be able to continue as a going concern in the foreseeable future. As at the date of approval of these financial statements, no circumstances are found to exist which indicate a threat to the Group companies to continue as a going concern.

These consolidated financial statements were prepared in Polish zlotys (PLN). The Polish zloty is the functional and reporting currency of the Capital Group. Unless indicated otherwise, the data in the consolidated financial statements have been presented in thousands of zlotys.

6. The platform of the applied International Financial Reporting Standards

6.1 Statement on compliance

Polish legal provisions impose the obligation on the Group to draw up consolidated financial statements in conformity with the IFRS endorsed by the EU. In view of the ongoing IFRS implementation process in the EU and the Group's operations, as regards the accounting principles used by the Group, there is no difference between the IFRS to have come into force and those approved by the EU for the reporting period ended on 31 December 2015.

These consolidated financial statements were made in conformity with the International Financial Reporting Standards approved by the EU. The IFRS cover the standards and interpretations approved by the International Accounting Standards Committee ("IASC") and the International Financial Reporting Interpretations Committee ("IFRIC").

The Group's subsidiaries keep their books of accounts in conformity with the accounting policy (principles) specified by the Accounting Act of 29 September 1994 (the "Act") and the regulations issued on its basis (the "Polish accounting standards"). The consolidated financial statements contain adjustments not included in the accounting books of the Group' entities in order to bring the financial statements of those entities to compliance with the IFRS.

6.2 Standards used for the first time

These consolidated financial statements are prepared based on the same accounting policies as for the consolidated financial statements of the Group for the year ended 31 December 2014, except for:

applying the following new or amended standards and interpretations issued by the International Accounting Standards Committee or the International Financial Reporting Interpretations Committee have been in force since 1 January 2015:

- **Amendments to various standards "Improvements to the IFRS (the 2011-2013 cycle)"** – amendments made within the procedure for the introduction of annual improvements to the IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) mainly aiming at minimising inconvenience and specifying the vocabulary – approved in the EU on 18 December 2014 (effective for annual periods commencing on or after 1 January 2015),

- **Interpretation of IFRIC 21 "Levies"** - approved in the EU on 13 June 2014 (effective for annual periods commencing on or after 17 June 2014).

The above amendments do not have significant influence on the Group's financial standing and profits from business operations as well as on the scope of information presented in these financial statements.

6.3 Standards and interpretations published but not adopted

While approving these consolidated financial statements, the Group did not apply the following standards, amendments to and interpretations of the standards, which were published by the IASC and approved for use in the EU, but have not become effective yet:

- **Amendments to IFRS 11 "Joint Arrangements"** – Acquisition of Interest in Joint Arrangements (effective for annual periods commencing on or after 1 January 2016),
- **Amendments to IAS 1 "Presentation of Financial Statements"** – Disclosure Initiative (effective for annual periods commencing on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangibles"** – Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods commencing on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** – Agriculture: Bearer Plants (effective for annual periods commencing on or after 1 January 2016),
- **Amendments to IAS 19 "Employee Benefits"** – Defined Benefits Plans: Employee Contributions - approved in the EU on 17 December 2014 (effective for annual periods commencing on or after 1 February 2015).
- **Amendments to IAS 27 "Separate Financial Statements"** – Equity Method in Separate Financial Statements (effective for annual periods commencing on or after 1 January 2016),
- **Amendments to various standards "Improvements to the IFRS (the 2010-2012 cycle)"** – amendments made under the procedure for the introduction of annual improvements to the IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) mainly aiming at minimising inconvenience and specifying the vocabulary, approved in the EU on 17 December 2014 (effective for annual periods commencing on or after 1 February 2015),
- **Amendments to various standards "Improvements to IFRS (the 2012-2014 cycle)"** – amendments made within the procedure for the introduction of annual improvements to the IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) mainly aiming at minimising inconvenience and specifying the vocabulary (effective for annual periods commencing on or after 1 January 2016).

IFRSs as approved by the EU do not vary considerably from the regulations adopted by the International Accounting Standards Committee (IASC) except the standards below, changes thereto and the interpretation thereof which, as at 21/03/2016, were not adopted for use in the EU (the effective dates below refer to the standards in their full version):

- **IFRS 9 "Financial Instruments"** (effective for annual periods commencing on or after 1 January 2018),
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods commencing on or after 1 January 2016),
- **IFRS 15 "Revenue from Contracts with Customers"** (effective for annual periods commencing on or after 1 January 2017),
- **IFRS 16 "Leasing"** (effective for annual periods commencing on or after 1 January 2019),
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 Investments in Associates and Joint Ventures"** - Sales or Contributions of Assets between an Investor and its Associate/Joint Venture or Joint Ventures (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 10 "Consolidated Financial Statements," IFRS 12 "Disclosure of Interest in Other Entities" and IAS 28 "Investments in Associates and Other Entities"** – Investment Entities: Applying the Consolidation Exception (effective for annual periods commencing on or after 1 January 2016),
- **Amendments to IFRS 7 "Cash flow statement"-** initiative as regards disclosures (effective for annual periods commencing on or after 1 January 2017),
- **Amendments to IFRS 12 "Income tax"-** recognition of deferred income tax assets on unrealised losses (effective for annual periods commencing on or after 1 January 2017).

The Management Board of the parent entity reviews the impact of new standards, i.e. IFRS 9 and IFRS 15, on consolidated and separate financial statements.

In the Group's initial opinion, the implementation of the standards and interpretations approved and published by the EU which have or will become effective after the balance sheet date or those awaiting approval by the EU will not have a material effect on the Company's financial statements.
However, the Management Board additionally conducts a detailed analysis of the influence of the above amendments on the Company's financial standing and profits from business operations as well as on the scope of information presented in financial statements.

7. Early adoption of standards and interpretations

The Group did not take advantage of the opportunity of early adoption of any standards, amendments thereto, or interpretations.

8. Amendments to accounting principles in use

The Group did not make significant changes in the accounting principles in use in the reporting period except for:

a) change of the presentation of units leased by INPRO SA to external entities out of fixed assets for long-term investments (the valuation unchanged i.e. as per the rules applied to fixed assets) - the comparative data was presented in note No. 18,

b) change of the presentation of deferred income tax - deferred tax assets and provision for deferred income tax are presented per account balance only at the level of the various companies comprised by consolidation and not, as in previous years, at the Group level – the comparative data was presented in note No. 13.4.

9. Material values based on professional judgement and estimates

9.1 Professional judgement

In the event that a transaction is not regulated in any standard or interpretation, the Management Board, while being guided by a subjective judgement, specifies and applies accounting policies, which will ensure that the financial statements contain appropriate and credible information and will:

- present a true, clear and fair view of the economic and financial position of the Group, the results of its activity and cash flows,
- reflect the commercial substance of transactions,
- be objective,
- be prepared in conformity with the conservative valuation principle,
- be complete in all essential aspects.

Recognition of sales revenues

Revenues from the sale of real estate (mainly residential units) are recognised upon the transfer to the buyer of the real estate of the control of the real estate being acquired and of the significant risks and benefits typical of the ownership title. In the opinion of the parent company's managers, this takes place upon the delivery of the real estate to the buyer on the basis of an acceptance report signed by the parties, on condition that all the payments towards the price of the acquisition of the real estate were made by the buyer.

Discount rate

The discount rate taken influences the figures presented in the consolidated report of the financial situation. This concerns, for example, the value of the provisions for employee benefits. That rate is also used during goodwill testing for permanent impairment. The discount rate taken by the Management Board of the parent entity is based on the interest rate on 10-year treasury bonds.

9.2 Uncertainty of estimates

The preparation of consolidated financial statements requires the Company's Management Board to make estimates because much information in the financial statements cannot be valued precisely. The Management Board reviews the estimates on the basis of the changes of factors taken into consideration when the estimates were made, of new information or of previous experience. It is for that reason that the estimates as at 31 December 2015 may be revised in the future. The main estimates have been described in the following notes:

Note		Kind of disclosure
21	Impairment of fixed assets and the analysis of the realisable net selling price of inventories	The Group tests fixed assets and inventories for impairment test in case factors indicating possible impairment occur. Impairment tests regarding goodwill acquired by merging business entities

Unless indicated otherwise, all amounts were given in thousands of zlotys

		are conducted at the end of each financial year. The analysis of the net realisable selling price of inventories in the case of finished products (completed residential premises) is conducted by comparing their book value with current market selling prices of premises for a given stage of a project implemented by the Group.
22	Trade receivable valuation allowances	Given the grounds, the Group verifies the recovery of various trade receivables and estimates the valuation allowances on that basis.
13	Income tax	The Group recognises deferred tax assets on the basis of the assumption that a tax profit allowing the use of deferred tax will be achieved in the future. The deterioration of the tax results obtained in the future could make that assumption groundless.
26	Employee benefits	Provisions for retirement benefits and unused vacation leaves.
26	Provisions	Provisions for guarantees and sureties given and provisions for claims and court cases
10.6	Useful life of fixed assets and intangibles	The useful life of assets and their depreciation method is reviewed at least at the end of each financial year.

10. Accounting principles applied

10.1 Consolidation principles

The condensed consolidated financial statements comprise those of *INPRO SA* and its subsidiaries, such statements having been prepared for the year ended on 31 December 2015. The financial statements of the subsidiaries are prepared for the same reporting period as the financial statements of the parent entity, with the application of consistent accounting principles, on the basis of uniform accounting principles applied to the transactions and economic events of a similar character. Adjustments are introduced to eliminate any differences in the accounting principles applied.
All the significant balances and transactions between the entities within the Group, including unrealised gains arising out of the transactions within the Group have been entirely eliminated. Unrealised losses are eliminated unless they demonstrate impairment.

10.2 Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:
• the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
• potential voting rights held by the Company, other vote holders or other parties;
• rights arising from other contractual arrangements; and
• any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

10.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

• deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;

• liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see note 3.16.2); and

• assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Unless indicated otherwise, all amounts were given in thousands of zlotys

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

10.4 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

10.5 Conversion of items denominated in foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The following rates have been taken for the purposes of the balance sheet valuation:

Rate binding on the last day of the period	**31/12/2015**	**31/12/2014**
EURO	4.2615	4.2623

The average rate, calculated as the arithmetic mean of the rates binding on the last day of each month in a period	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
EURO	4.1848	4.1893

10.6 Property, plant and equipment

Property, plant and equipment are reported at the price of acquisition / cost of manufacture less depreciation and all impairment losses. The initial value of fixed assets comprises their acquisition price increased by all the costs directly related to the purchase and to making an asset suitable for use. The cost also includes the cost of replacement of components of machinery and equipment when such cost is incurred, if the recognition criteria have been met. The costs arising after the date of placing a fixed asset in service, such as maintenance and repair costs, are charged to the income statement when they are incurred.
Upon acquisition, fixed assets are disaggregated into components of a considerable value, to which relevant useful life may be allocated.

Important spare and service parts reported as property, plant and equipment are amortised in conformity with the estimated period of use, but not longer than the useful life of fixed assets which they service.

The balance sheet value of a fixed asset comprises the costs of regular significant inspections, which are necessary to prevent faults, and whose value in various reporting periods varies considerably. The value of an inspection is depreciated until the next inspection or until the end of useful life of a fixed asset, whichever is sooner. Any residual balance sheet value of the costs of the previous inspection is derecognised.

Depreciation is computed on a straight-line basis throughout the estimated useful life of an asset, that period being:

Type	**Period**
Land	
Buildings and constructions	22 – 67 years
Machinery and equipment	5 – 22 years
Office equipment	5 years
Motor vehicles	5 – 20 years
Computers	3 years
Other fixed assets	4 – 15 years

If during the preparation of financial statements any circumstances have occurred which indicate that the balance sheet value of property, plant and equipment may not be recoverable, an inspection of those assets is performed from the point of view of their impairment. If there are factors indicating that impairment may have occurred, and the balance sheet value exceeds the estimated recoverable amount, then the value of those assets or cash generating units, to which those assets belong, is brought down to the level of the recoverable amount. The recoverable amount corresponds to the lower of the following two values: the fair value less the cost of sales or the value in use. When determining the value in use, the projected future cash flows are discounted to the current value with the use of the gross discount rate reflecting the current market assessments of the time value of money and any risk related to an asset. In the case of an asset which does not generate cash flows in a significantly separate way, the recoverable amount is determined for a cash generating unit, to which that asset belongs. Impairment losses are recognised in the income statement under other operating costs.

An item of property, plant and equipment may be derecognised upon its disposal or when no economic benefits following from the further use of such an asset are expected. Any profits or losses following from the derecognition of an asset (calculated as the difference between any net proceeds from the sale and the balance sheet value of an item) are recognised in the income statement in the period in which such derecognition was effected.

Commenced investments concern fixed assets in the process of construction or erection and are reported at the cost of acquisition or manufacture. Fixed assets under construction are not depreciated until the end of construction and placing them in service.

The residual value, useful life and depreciation method of fixed assets are reviewed and revised if necessary at the end of each financial year.

10.7 Borrowing costs

The borrowing costs directly relating to the acquisition or manufacture of assets requiring an extended period to bring them into use are capitalised as a part of the cost of acquisition or manufacture until those assets are ready for use or sale. Borrowing costs comprise interest and exchange gains or losses up to the amount corresponding to the interest cost adjustment.

Other borrowing costs are recognised as costs when they are incurred.

10.8 Investment property

Investment property is recognised at the acquisition price or the cost of manufacture with the transactions costs taken into consideration. After initial recognition the value of investment property is decreased by depreciation and impairment losses.
Investment property is derecognised on disposal or when permanently withdrawn from use, and no future benefits are expected from its disposal. Any profits or losses following from the derecognition of investment property are recognised in the income statement in the period in which such derecognition was effected.
Assets are transferred to investment property only when a change in their use takes place as confirmed by the end of the use of an asset by its owner or the conclusion of an operating lease agreement.
If investment property is transferred to assets used by the owner or to inventory, the deemed cost of such an asset, which will be taken for its recognition in another category, is equal to the fair value of property determined as at the date of the change in use. If an asset used by the owner (the Group) becomes investment property, the Group applies the principles described under *Property, plant and equipment* until a change in use of that property. If assets are transferred from inventory to investment property, the difference between its fair value as at the date of transfer and the previous balance sheet value is recognised in profit or loss.

10.9 Lease and the right of perpetual usufruct of land

Finance lease agreements which basically transfer the whole risk and all the benefits following from the possession of an object of the lease to the Group are recognised in the balance sheet as at the date of commencement of lease at the lower of the following: the fair value of a fixed asset being the object of the lease or the current value of minimum lease payments. Lease payments are disaggregated between financial costs and the decrease of the lease liability in a way permitting a fixed interest rate on the liability remaining to be paid. Financial costs are recognised directly as an expense.
Fixed assets used on the basis of finance lease agreements are amortised over the shorter of the following two periods: estimated useful life or the lease period.
Lease agreements in conformity with which the lessor basically retains the whole risk and all the benefits following from the possession of the object of the lease are classified as operating lease agreements. Operating lease payments are recognised in the income statement as costs on a straight-line basis throughout the lease.

If the lease agreement covers both land and buildings, an entity classifies each of those elements separately as a finance or operating lease. In determining whether land should be classified into an operating or finance lease, the fact that land usually has an unrestricted useful life is taken into account.

The right of perpetual usufruct of land received by the Group companies free of charge on the basis of an administrative decision is excluded from assets. If such rights are acquired on the secondary market, they are recognised as intangibles and amortised over their estimated useful life.

10.10 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

10.11 Intangibles

Intangibles acquired separately are valued at the price of acquisition or the cost of manufacture. The price of acquisition of intangibles acquired in the merger of business entities is equal to their fair value as at the merger

date. After initial recognition, intangibles are reported at the price of acquisition or cost of manufacture less depreciation and/or impairment losses. Expenses on intangibles manufactured on one's own account, except the recognised costs of development work, are not capitalised but recognised in the costs of the period in which they were incurred.
The Group decides on whether the useful life of intangibles is limited or indefinite. Intangibles of limited useful life are amortised over that life and tested for impairment each time when there are factors indicating impairment of such assets. The period and method of depreciation of intangibles with limited useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or in the pattern in which economic benefits from an asset are expected to be consumed are recognised by changing, as appropriate, the period or method of depreciation, and treated as the changes of estimates. A depreciation charge on intangibles with a limited useful life is recognised in the income statement in the category which corresponds to the function of a given intangible asset.
Intangibles with an indefinite useful life and those which are not used are reviewed every year for impairment with reference to the various assets or at the cash generating unit level. Other intangibles are assessed every year from the point of view of the factors which may signify their impairment.

The costs of research work are written to the income statement when they are incurred. The costs of development work carried out as part of a given project are transferred to the next period if it may be assumed that they will be recovered in the future. After initial recognition of the costs of development work, applied is the historical cost convention, which requires that assets are recognised at the price of acquisition less accumulated depreciation and accumulated impairment losses. Any costs transferred to the next period are amortised over the period when proceeds from the sale of a given project are expected.
Costs of development work are assessed for possible impairment on an annual basis if an asset has not been placed in use yet or, more frequently, when in the reporting period there occurs an impairment factor indicating that their balance sheet value may not be recoverable.

Profits or losses following from the derecognition of intangibles are measured as the difference between net proceeds from the sale and the balance sheet value of an asset and recognised in the income statement when such asset is derecognised.

10.12 Recoverable amount of long-term assets

As at each balance sheet date, the Group evaluates assets for factors indicating their impairment. If such factors exit, the Group performs a formal assessment of the recoverable amount. When the balance sheet value of an asset or cash generating unit exceeds its recoverable amount, the impairment of such an asset is recognised and its value written down to the recoverable amount level. The recoverable amount is the higher of the following two amounts: the fair value less the costs of disposal or the value in use of an asset or cash generating unit.

10.13 Financial instruments

Financial instruments
A financial instrument is any agreement which causes a financial asset to come into being on the one part and a financial liability or equity instrument on the other.

The Group classifies financial instruments in a hierarchical way, in conformity with the three main levels of valuation with reference to the fair value, which reflect the base taken for the valuation of each of the instruments.

The fair value hierarchy is as follows:

Level 1 **-** the prices of market quotations from active markets for identical assets and liabilities (e.g. shares and bonds quoted);
Level 2 **-** the prices from active markets, but other than the prices of market quotations – fixed directly (by comparison with actual transactions) or indirectly (through valuation techniques based on actual transactions), e.g. the majority of derivative instruments;
Level 3 **-** prices not originating from active markets.

The position of a financial instrument in the fair value hierarchy depends on the lowest valuation base affecting the determination of the fair value of such a financial instrument.

The Company classifies financial assets into the following categories:

- financial assets measured at the fair value through profit or loss,
- loans and receivables,
- held-to-maturity financial assets,
- available-for-sale financial assets.

Financial liabilities are divided into:

- financial liabilities measured at the fair value through profit or loss,
- financial liabilities valued at the amortised cost.

The purpose of the acquisition of financial assets and their nature is the basis for classification. The Company determines the classification of their financial assets at their initial recognition, and then reviewed that classification as at each reporting date.

Financial assets

Financial assets are measured upon their recognition in the books at the fair value. The initial valuation is increased by transaction costs except for financial assets classified into the categories measured at the fair value through profit or loss. The transaction costs of a possible disposal of an asset are not taken into account in the subsequent valuation of financial assets. A financial asset is recognised in the balance sheet when the Group becomes a party to an agreement (contract), from which such a financial asset follows.

The Company measures as at the balance sheet date whether there are factors indicating the impairment of a financial asset (of a group of such assets). In the case of instruments classified as available for sale, in determining whether an impairment has taken place the significant or extended decrease of the fair value of a security below cost is taken into consideration.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

• it has been acquired principally for the purpose of selling it in the near term; or

• on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

• it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

• the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

• it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Financial assets measured at the fair value through profit or loss are measured with the use of stock exchange quotations and, if there are none, with appropriate valuation techniques which comprise the use of the prices from recent transactions or of tender prices, a comparison with similar instruments, and option valuation models. The fair value of debt instruments is constituted by future cash flows discounted with the current market interest rate appropriate for similar instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Depending on their maturity date, they are classified as fixed assets (mature more than 1 year from the reporting date) or current assets (mature within up to 1 year from the reporting date). Loans and receivables are valued as at the balance sheet date at the amortised cost. The Company includes in that group mainly trade receivables, bank deposits, other cash as well as loans and acquired unquoted debt instruments not included into other categories of financial assets.

Held-to-maturity financial assets

Held-to-maturity financial assets are investments with fixed or determinable payments and a fixed maturity date, as to which assets the Company intends and is able to hold them to maturity. The Company includes in that category only quoted debt instruments if not previously categorised as financial assets measured at the fair value through profit or loss or as available-for-sale financial assets. Held-to-maturity financial assets are valued as at each reporting date at the amortised cost with the application of the effective interest rate.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as "available for sale" or are not classified into any other category. The Company includes in available-for-sale assets mainly debt instruments acquired to invest cash surpluses, if those instruments were not categorised as financial assets measured at the fair value through profit or loss in view of the Company's intention to hold them for a short time. Moreover, the Company classifies equity investments not covered by the consolidation obligation into that category.

Available-for-sale financial assets are classified as fixed assets if there is no intention to dispose of investments within 1 year from the balance sheet date or otherwise as current assets. Available-for-sale financial assets are measured at the fair value as at each reporting date, and profits and losses (except impairment losses) are recognised in equity.

Financial liabilities

Financial liabilities are measured upon their recognition in the books at the fair value. The initial valuation includes transaction costs except for financial liabilities classified into the categories measured at the fair value through profit or loss. The transaction costs of a possible disposal of a financial liability are not taken into account in the subsequent valuation of those liabilities. A financial liability is recognised in the balance sheet when the Company becomes a party to an agreement (contract), from which such a financial liability follows.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

• it has been incurred principally for the purpose of repurchasing it in the near term;

• on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

• it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

• the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

• it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

The fair value of debt instruments is constituted by future cash flows discounted with the current market interest rate appropriate for similar instruments.

Financial liabilities valued at the amortised cost
Other financial liabilities, not classified as financial liabilities measured at the fair value through profit or loss, are classified as financial liabilities measured at the amortised cost. The Company includes in that category primarily trade liabilities, loans and credits taken out and debt instrument liabilities. Liabilities included in that category are measured at the amortised cost with the application of the effective interest rate.

10.14 Inventory

Inventory is valued at the lower of two values: the acquisition price / cost of manufacture and net realisable selling price.
The costs incurred in bringing each asset to its present location and condition, both in relation to the current and previous year, are recognised in the following way:

Materials	- at the acquisition price determined by way of the first in – first out method,
Finished products and work in progress	- the cost of direct materials and labour and an appropriate indirect labour determined on the assumption of the normal utilisation of production capacity,
Commodities	- at the price of acquisition determined by way of the specific identification (land) or by means of the FIFO method (other commodities)

The price of acquisition or cost of manufacture of inventory comprises all the purchase, processing and other costs incurred in bringing inventory to its present location and condition.
The costs of purchase of inventory comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The net realisable price is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory is reported at the net value (less revaluation deductions). Inventory revaluation deductions are created in relation to the loss of inventory value, with a view to bringing the value of inventory to the realisable net value level. Revaluation deductions are recognised directly as an expense. The value of a revaluation deduction reduces the balance sheet value of inventory comprised by such a deduction.

10.15 Trade and other receivables

Trade and other receivables are valued as at the balance sheet date at the amortised cost (i.e. discounted with the application of the effective interest rate) less impairment losses. In the case of short-term receivables with the term of payment up to 360 days, that valuation corresponds to the sum due.

When the influence of the time value of money is significant, the receivable is determined by discounting the projected future cash flows to the current value with the use of the gross discount rate reflecting the current market assessments of the time value of money and credit risk of customer. If discounting has been used, an increase of the receivable in relation to the passage of time is recognised as financial revenues.

Non-financial receivables are initially recognised at their nominal value and measured at the payable amount as at the balance sheet date.

Receivables are revalued with the probability of their payment taken into consideration, by way of a revaluation deduction. Impairment of trade receivables is deducted when there is objective evidence that it will not be possible to re receive all the sums due following from the original contract conditions. An assessment whether objective evidence of impairment of receivables exists is performed on an ongoing basis, on receipt of information on the occurrence of objective evidence, which may determine impairment, at least as at the balance sheet date.

If there is objective evidence of impairment of receivables reported as at the amortised cost, the impairment loss is fixed as the difference between the balance sheet value of an asset and the current value of the future cash flows discounted on the basis of the effective interest rate. The probability of the future cash flows is determined on the basis of the analysis of historical data. The probability of losing the receivables was determined as a result of estimates based on the analysis of historical data - the deductions may be decreased if the Management Board has credible documents from which it follows that the receivables were secured and their payment is highly probable.

In particular, a 100% valuation allowance is made with regard to the receivables:

- from debtors in liquidation or bankruptcy, up to the amount not covered by a guarantee or another security,
- from debtors in the case of dismissal of a bankruptcy petition if the debtor's assets are not sufficient to cover the costs of bankruptcy proceedings to the full claim amount,
- challenged by the debtors and those outstanding to the amount not covered by a guarantee or other securities, if the assessment of the debtor's economic and financial position indicates that the repayment of the receivable in the agreed amount in the nearest semi-annual period is not possible,
- equivalent to the amounts increasing the receivables in relation to those against which a valuation allowance was previously made up to those amounts before they were received or reduced,
- overdue or not overdue receivables with a high probability of uncollectibility, in a credibly estimated allowance for uncollectible receivables,
- due interest for late payment.
- receivables whose maturity as at the balance sheet date exceeded 180 days.

Valuation allowances on receivables are recognised as selling costs. The reversal of valuation allowances on receivables is recognised if in the next periods impairment was decreased, and the increase in the value of a financial asset may be attributed to events occurring after the allowance was recognised. As a result of the reversal of the allowance, the balance sheet value of financial assets may not exceed the amortised cost, which would have been determined if the impairment loss had not been recognised previously. The reversal of the allowance is recognised in the income statement as the reduction of selling costs.

10.16 Cash and cash equivalents

Cash and short-term deposits reported in the balance sheet comprise cash at bank and at hand as well as short-term deposits with original maturity not exceeding three months.
The balance of cash and cash equivalents reported in the consolidated cash flow statement consists of the above-specified cash and cash equivalents.

10.17 Fixed assets for disposal

Fixed assets (or their groups) for disposal are classified as held for sale if their balance sheet value will be recovered through sale transactions rather than through continued use provided that they are available for sale immediately in their present condition, subject to the conditions customarily used in the sale of those assets (or disposal groups) and that their sale is highly probable.
Immediately before the qualification of an asset (or a disposal group) as held for sale, those assets are measured i.e. their balance sheet value is determined in conformity with the provisions of relevant standards. Property, plant and equipment as well as intangibles are amortised to the reclassification date, and if factors

indicating possible impairment occur, an impairment test is conducted and, consequently, an allowance is recognised, in conformity with IAS 36 "Impairment of Assets."
Fixed assets (or disposal groups), whose value was fixed in the above way are reclassified to assets held for sale. On reclassification, those assets are measured at the lower of the following two: the balance sheet value or the fair value less the costs of disposal. The difference from the measurement at the fair value is recognised in other operating costs. Upon subsequent valuation, any reversal of the fair value is recognised in other operating revenues.
A fixed asset is not depreciated if it is classified as held for sale or is included in a disposal group that is classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.
If an entity no longer meets the criteria for the classification of an asset as held for sale, an asset is recognised in that balance sheet item from which it had been reclassified previously and measured at the lower of the following two amounts:

- the balance sheet value as at the date preceding the classification of an asset as held for sale, adjusted by amortisation or revaluation, which would have been recognised had the asset not been classified as held for sale, or
- the recoverable amount at the date of the decision not to sell.

10.18 Equity

Equity is recognised in accounting books with a division into its kinds and with reference to the principles set out in the provisions of law and the Company's Statutes.
Share capital is reported in the amount shown in the Statutes and the National Court Register. Declared but not paid-in capital contributions are recognised as capital not paid-in. Own shares and share capital not paid in decrease the Company's equity.
Share premium capital – that capital constitutes surpluses achieved at the issue of shares less the costs of such an issue of shares.
Other capital is constituted by the revaluation reserve from the measurement of the fair value of financial assets included in the category of available-for-sale financial assets.
Retained profits are constituted by: supplementary capital and reserves from profit for subsequent years, retained profit or non-financed loss from previous years (accumulated profits/losses from previous years), and the profit or loss for a current financial year.

10.19 Interest bearing credits, loans and debt securities

On initial recognition, all credits, loans and debt securities are recognised at the price of acquisition corresponding to the fair value of cash received less credit or loan costs.
After initial recognition, interest-bearing credits, loans and debt securities are subsequently valued at the amortised cost with the application of the effective interest rate method.
The costs related to a loan or credit and the discounts or bonuses obtained upon the settlement of a liability are taken into account in the determination of the amortised cost.
Profits and losses are recognised in the income statement on the derecognition of a liability from the balance sheet, and also as a result of the calculation of an allowance.

10.20 Trade and other liabilities

Liabilities are a present obligation arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

Financial and non-financial liabilities measured at the fair value through profit or loss are measured as at the balance sheet date at the amortised cost (i.e. discounted with the application of the effective interest rate). In the case of short-term liabilities with the term of payment up to 360 days, that valuation corresponds to the sum due.

Liabilities not classified as financial liabilities are measured at the amount required to be paid.

10.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The amount of provisions is updated twice a year – after six months and at the end of a financial year.

10.22 Revenues

Revenues are recognised in the amount in which the Group will probably obtain economic benefits related to a given transaction and when the revenue may be measured in a reliable way. Revenues are recognised after tax on goods and services (VAT), other taxes (except excise) and rebates (discounts and bonuses) have been deducted.

Revenues are measured at the fair value of the consideration received or receivable. Revenues are measured at the discounted value when the impact of the time value of money is significant (the significant impact being considered when the period over which the payment was obtained was longer than 360 days).

The criteria presented below also pertain to revenue recognition.

Sale of products and commodities
Revenues are recognised if the significant risk and benefits following from the ownership right of products or commodities were transferred to the acquirer and when the revenue may be reliably measured.

Performance of services
Revenues in relation to the performance of services, which may be reliably estimated and for which the level of performance may be specified, are recognised on the percentage of completion basis.
When the agreement value cannot be estimated in a reliable way, the revenues related to that agreement are recognised to the degree to which it is likely that the costs incurred in relation to that agreement will be covered by those revenues. If the costs of the agreement are likely to exceed the relevant revenues, the forecast loss is recognised as a cost immediately.

Interest
Interest revenue is recognised gradually as it accrues (with the effective interest rate method taken into account, that rate being the discounting rate for future cash proceeds over the estimated period of use of financial instruments) in relation to the net balance sheet value of a financial asset.

Dividends
Dividends are recognised when the shareholders' right to receive payment is established.

Rent-related revenues
Revenues related to the rental of investment property are recognised on a straight-line basis over the period of rental in relation to open agreements.

10.23 Income tax

Current tax
Current tax expense is calculated on the basis of taxable income (the taxable base) in a given financial year. The tax profit (loss) differs from the accounting profit (loss) in connection with the exclusion of revenues which

are not subject to tax and of the non-allowable costs. Tax expenses are calculated on the basis of tax rates in force in a given financial year.

Deferred tax

For the requirements of financial reporting, the income tax reserve is created by way of the balance sheet liability method in relation to all temporary differences occurring as at the balance sheet date between the positive value of assets and liabilities and their balance sheet value shown in the financial statements.
The deferred tax liability is recognised in relation to all taxable temporary differences:

- except when the deferred tax liability arises as a result of the initial recognition of goodwill or of the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither gross accounting profit nor taxable income or loss, and
- in the case of taxable temporary differences following from investments in subsidiaries or associates and interests in joint ventures – except when the timing of the reversal of temporary differences is controlled by the investor and when it is probable that temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax assets and unused tax losses carried forward to next years, in the amount in which it is probable that taxable income will be available, which will permit the above-mentioned differences, assets and losses to be utilised:

- except when the deferred tax assets pertaining to deductible temporary differences arise as a result of the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither gross accounting profit nor taxable income or loss, and
- in the case of deductible temporary differences following from investments in subsidiaries or associates and interests in joint ventures, a deferred tax asset is recognised in the balance sheet only in the amount in which it is probable that the above temporary differences will be reversed in the foreseeable future and that taxable income will be available, which will permit the deductible temporary differences to be deducted.

The balance sheet value of the deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.
Income tax on items recognised directly in equity is recognised in equity, and not in the income statement.

10.24 Net earnings per share

Net earnings per share for each period is calculated by dividing net profit for a given period by the weighted average number of shares in the given reporting period.

11. Information on operating segments

Operating segments were created at the level of various companies in the Group with differences in products and services taken into consideration. The data regarding the sale of homogeneous products and services by various Group companies were aggregated for reporting purposes. Aggregation for reporting purposes was based on the kind of activity i.e. the kind of products and services sold.

The Group carries activity within the following operating segments:

1) property development activity (INPRO SA, PB Domesta Sp. z o.o., the sale of apartments at Hotel Mikołajki Sp. z o.o.),
2) hotel services (Dom Zdrojowy Sp. z o.o. and Hotel Mikołajki Sp. z o.o.),
3) manufacture of concrete, reinforced concrete and steel elements (inBet Sp. z o.o.),
4) sanitary and heating installations (PI ISA Sp. z o.o.)- new operating segment of the INPRO SA Capital Group

Activities in the above-mentioned segments are pursued in the territory of Poland.

Unless indicated otherwise, all amounts were given in thousands of zlotys

Figures for the period 01/01/2015-31/12/2015	Continuing activities					Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total		
Revenues							
Sales to external customers	178 649	27 114	3 181	2 077	211 021	-	211 021
Sales between segments	2 027	55	6 475	2 274	10 831	(10 831)	-
Total revenues of the segment	**180 676**	**27 169**	**9 656**	**4 351**	**221 852**	**(10 831)**	**211 021**
Profit (loss) of the segment	**49 949**	**5 935**	**1 673**	**1 180**	**58 737**	**(1 092)**	**57 645**
Selling costs	(4 949)	(436)	-	-	(5 385)	**-**	**(5 385)**
Administrative expenses	(10 538)	(6 551)	(1 193)	(999)	(19 281)	**-**	(19 281)
Other operating revenues/costs	(29)	693	49	6	719	(4)	715
Profit (loss) on operating activities	**34 433**	**(359)**	**529**	**187**	**34 790**	**(1 096)**	**33 694**
Interest revenue	1 439	50	12	1	1 502	(1 088)	414
Interest cost	(945)	(1 765)	(16)	-	(2 726)	1 088	(1 638)
Other net revenues /financial costs	440	(30)	(8)	(3)	399	(499)	(100)
Profit (loss) before tax	**35 367**	**(2 104)**	**517**	**185**	**33 965**	**(1 595)**	**32 370**
Income tax	(6 794)	(178)	230	(39)	(6 781)	210	(6 571)
Net profit (loss) for the financial period	**28 573**	**(2 282)**	**747**	**146**	**27 184**	**(1 385)**	**25 799**
- including attributable to non-controlli shareholders							***896***

Unless indicated otherwise, all amounts were given in thousands of zlotys

Figures as at 31/12/2015	Continuing activities					Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total		
Assets and liabilities							
Segment assets	354 928	100 223	10 319	2 748	468 218	(100 034)	368 184
Total assets	**354 928**	**100 223**	**10 319**	**2 748**	**468 218**	**(100 034)**	**368 184**
Total equity	247 185	62 764	8 170	1 545	319 664	(90 847)	228 817
Segment liabilities	107 743	37 459	2 149	1 203	148 554	(9 187)	139 367
Total liabilities and capital	**354 928**	**100 223**	**10 319**	**2 748**	**468 218**	**(100 034)**	**368 184**

Other information concerning segments for 2015	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total	Exclusions	Total activities
Change of fixed assets in the period	1 378	844	2 146	413	4 781	-	4 781
Depreciation of fixed assets	(1 464)	(4 444)	(191)	(11)	(6 110)	63	(6 047)
Total impairment loss as at 31/12/2015	(284)	(127)	(235)	-	(646)	21	(625)

Unless indicated otherwise, all amounts were given in thousands of zlotys

Figures for the period 01/01/2014-31/12/2014	Continuing operations				Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Total		
Revenues						
Sales to external customers	123 778	22 241	1 713	147 732	-	147 732
Sales between segments	2 143	76	5 876	8 095	(8 095)	-
Total revenues of the segment	**125 921**	**22 317**	**7 589**	**155 827**	**(8 095)**	**147 732**
Profit (loss) of the segment	**28 863**	**4 289**	**686**	**33 838**	**403**	**34 241**
Selling costs	(3 840)	(921)	-	(4 761)	-	(4 761)
Administrative expenses	(9 249)	(6 414)	(711)	(16 374)	-	(16 374)
Other operating revenues/costs	(309)	73	(186)	(422)	13	(409)
Profit (loss) on operating activities	**15 465**	**(2 973)**	**(211)**	**12 281**	**416**	**12 697**
Interest revenue	1 368	51	9	1 428	(1 038)	390
Interest cost	(844)	(2 474)	(32)	(3 350)	1 038	(2 312)
Other net revenues/financial costs	(169)	(38)	8	(199)	(334)	(533)
Profit (loss) before tax	**15 820**	**(5 434)**	**(226)**	**10 160**	**82**	**10 242**
Income tax	(2 182)	165	-	(2 017)	(53)	(2 070)
Net profit (loss) for the financial year	**13 638**	**(5 269)**	**(226)**	**8 143**	**29**	**8 172**
- including attributable to non-controlling shareholders						***499***

Unless indicated otherwise, all amounts were given in thousands of zlotys

Figures as at 31/12/2014	Continuing operations				Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Total		
Assets and liabilities						
Segment assets	355 991	105 098	5 504	466 593	(95 267)	371 326
Total assets	**355 991**	**105 098**	**5 504**	**466 593**	**(95 267)**	**371 326**
Segment liabilities	222 971	29 993	4 059	257 023	(49 996)	207 027
Total equity	133 020	75 105	1 445	209 570	(45 271)	164 299
Total liabilities and capital	**355 991**	**105 098**	**5 504**	**466 593**	**(95 267)**	**371 326**

Other information concerning segments for 2014	Property development activity	Hotel services	Manufacture of precast units	Total	Exclusions	Total activities
Increases in fixed assets and intangibles in the period	413	3 554	46	4 013	526	4 539
Depreciation of property, plant, equipment and intangibles	(1 457)	(4 355)	(141)	(5 953)	100	(5 853)
Total impairment loss as at 31/12/2014	(41)	(117)	(260)	(418)	21	(397)

Unless indicated otherwise, all amounts were given in thousands of zlotys

12. Costs and revenues

12.1 Sales revenues

Sales revenues	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Revenues from the sale of products	182 673	123 797
Revenues from the sale of services	28 321	23 521
Proceeds from the sale of commodities and materials	27	414
Total sales revenues	**211 021**	**147 732**

12.2 Costs by category, including employee benefits

Costs by category	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Depreciation	6 047	5 853
Consumption of materials and energy	45 260	37 251
External services	70 982	70 693
Taxes and charges	3 710	3 160
Costs of employee benefits, including:	28 695	24 255
- payroll	*23 701*	19 695
- costs of social insurances and other benefits	*4 994*	4 560
Other costs	3 132	3 978
Total costs by category	**157 826**	**145 190**
Change in products, work in progress and accruals (+/-)	22 220	(8 248)
Costs of products for the entity's own needs (-)	(2 031)	(2 726)
Selling costs (-)	(5 385)	(4 761)
Administrative expenses (-)	(19 281)	(16 374)
Value of commodities and materials sold	27	410
Cost of sales	**153 376**	**113 491**
Total costs of products, commodities and materials sold, cost of sales and administrative expenses	**178 042**	**134 626**

Unless indicated otherwise, all amounts were given in thousands of zlotys

12.3 Other operating revenues

Other operating revenues	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Net profit from the disposal of non-financial fixed assets	97	17
Settlement of revaluation deductions on the value of trade receivables and interest receivable	73	1
Settlement of the count of cash, property, plant, equipment and inventory	-	1
Cancelled and time-barred liabilities	43	8
Penalties and damages received	892	940
Reimbursement of court costs by the recipient and claims recovered by enforcement	38	8
Settlement of the provision for contentious issues	117	36
Settlement of other provisions	148	-
Other	78	376
Total other operating revenues	**1 486**	**1 387**

12.4 Other operating costs

Other operating costs	**01/01/2014 -31/12/2014**	**01/01/2013 -31/12/2013**
Valuation allowance for trade receivables	17	215
Other valuation allowance	-	28
Valuation allowance for time-barred, cancelled receivables and bad debts	3	6
Provision for the loss of profit in relation to price reduction	-	148
Provision for penalties, court costs and damages	460	396
Donations given	74	102
Penalties, fines and damages	53	806
Costs of court proceedings	40	55
Other	124	40
Total other operating costs	**771**	**1 796**

Unless indicated otherwise, all amounts were given in thousands of zlotys

12.5 Financial revenues

Financial revenues	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Interest revenue, including:	414	390
- interest on bank deposits	*345*	*382*
- interest on cash and cash equivalents	*20*	*1*
- other interest	*49*	*7*
Exchange gains	-	7
Other financial revenues	11	8
Total financial revenues	**425**	**405**

12.6 Financial costs

Financial costs	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Interest costs, including:	1 732	2 665
- in relation to loans and credits	*1 603*	*2 204*
- in relation to finance lease	*20*	*39*
-interest on debt instrument liabilities	*91*	*352*
- concerning trade liabilities	*18*	*51*
- other	*-*	*19*
Exchange losses	-	1
Other financial costs	*17*	194
Total financial costs	**1 749**	**2 860**
Net financial revenues and costs	**(1 324)**	**(2 455)**

13. Income tax

13.1 Income tax disclosed in the statement of total income

Unless indicated otherwise, all amounts were given in thousands of zlotys

Income tax	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Consolidated statement of total income		
Current income tax	**5 921**	**1 846**
Current income tax liability	5 921	1 843
Adjustments concerning current income tax from previous years	-	3
Deferred income tax	**650**	**224**
Relating to the establishment and reversal of temporary differences	650	224
Tax liability shown in the consolidated statement of total income	**6 571**	**2 070**

As regards income tax, the Group is subject to the general provisions of law. The Group is not a capital tax group, neither does it conduct activity in a special economic zone, which would make a difference in the determination of tax burdens in relation to the general provisions of law. The tax and balance sheet year coincides with the calendar year.

13.2 Income tax recognised in equity – not applicable

13.3 Reconciliation of income tax on gross accounting profit

The reconciliation of income tax on gross accounting profit before tax as per the statutory tax rate with income tax calculated with reference to the Group's effective tax rate for the year ended on 31 December 2015 and 31 December 2014 is as follows:

	01/01/2015 -31/12/2015	**01/01/2014 -31/12/2014**
Gross profit / (loss) from continuing operations before tax	32 370	10 242
Gross profit / (loss) before tax	**32 370**	**10 242**
Income tax with reference to the tax rate binding in Poland, 19%	**6 150**	**1 946**
Effect of differences between accounting value and tax value of revenues	(1 213)	3 868
Effect of differences between accounting and tax value of costs	1 296	(2 690)
Effect concerning operating lease settlements	(112)	(353)
Others	(23)	(70)
Effect of tax losses in subsidiaries	667	35
Effect of used tax losses from previous years	(194)	(669)
	6 571	**2 067**
Adjustments concerning previous years	-	3
Income tax disclosed in the statement of total income	**6 571**	**2 070**

Unless indicated otherwise, all amounts were given in thousands of zlotys

effective interest rate	**20,30%**	**20,21%**

Unrecognised deferred income tax assets and unused tax allowances:

	As at 31/12/2015	As at 31/12/2014
	PLN'000	**PLN'000**
As at the balance sheet date, the following deferred tax assets were not reported:		
- Unused tax losses	547	-
- Unused income tax relief	-	-
- Temporary differences	-	-
Total	**547**	**-**

Unused tax losses expire in the following years:

2017- 27,000 PLN, 2018- 187,000 PLN, 2020- 333,000 PLN

Unless indicated otherwise, all amounts were given in thousands of zlotys

13.4 Deferred income tax

31/12/2015	Status as at the beginning of the period	Presentation adjustment	(Increases) charged to accounting profit	(Decreases) charged to accounting profit	**Status as at the end of the period**
Temporary differences concerning deferred income tax assets:					
Provision for repairs under the guarantee	64		81	(64)	**81**
Provision for unused vacation leave and retirement severance pay	200	-	167	(192)	**175**
Unpaid payroll	107	-	139	(107)	**139**
Doubtful receivables	21		3	(9)	**15**
Unrealised profits in the Group	871		847	(716)	**1 002**
Tax loss in a subsidiary	185	-	830	(159)	**856**
Provision for a balance sheet audit	10	-	4	(10)	**4**
Write-downs of inventory	28	-	54	(28)	**54**
Provision for contentious court cases	31		60	(31)	**60**
Others	890		71	(674)	**287**
Effect of asset offset against deferred CIT provision at the level of separate financial statements of Inpro Group entities		(690)	690	(685)	(685)
	2 407	**(690)**	**2 946**	**(2 675)**	**1 988**
Temporary differences concerning the deferred income tax provision:					
Result on the sale of premises on the basis of the handover and receipt report	2 700		2 350	(1 212)	**3 838**
Interest on deposits and loans allowed	385		37	(235)	**187**
Property, plant and equipment	298		172	(119)	**351**
Differences in the valuation of fixed assets	80		30	(107)	**3**
Effect of asset offset against deferred CIT provision at the level of separate financial statements of Inpro Group entities		(690)	690	(685)	**(685)**
	3 463	**(690)**	**3 279**	**(2 358)**	**3 694**

Unless indicated otherwise, all amounts were given in thousands of zlotys

31/12/2014	Status as at the beginning of the period	(Increases) charged to accounting profit	(Decreases) charged to accounting profit	Status as at the end of the period
Temporary differences concerning deferred income tax assets:				
Provision for repairs under the guarantee	20	63	(19)	**64**
Provision for unused vacation leave and retirement severance pay	166	167	(133)	**200**
Unpaid payroll	74	122	(89)	**107**
Doubtful receivables	26	1	(6)	**21**
Unrealised profits in the Group	812	612	(553)	**871**
Tax loss in a subsidiary	854	-	(669)	**185**
Provision for a balance sheet audit	7	11	(8)	**10**
Provision for the loss of profit in relation to price reduction	-	28	-	**28**
Provision for contentious court cases	-	31	-	**31**
Other	772	302	(184)	**890**
	2 731	**1 337**	**(1 661)**	**2 407**
Temporary differences concerning the deferred income tax provision:				
Result on the sale of premises on the basis of the handover and receipt report	2 899	1 338	(1 537)	**2 700**
Interest on deposits and loans allowed	190	195	-	**385**
Property, plant and equipment	527	3	(232)	**298**
Differences in the valuation of fixed assets	(54)	134	-	**80**
	3 562	**1 670**	**(1 769)**	**3 463**

In the current reporting period, the Group made a change of the presentation of deferred tax – deferred income tax assets and provisions are presented per account balance only at the level of the various companies comprised by consolidation and not, as in previous years, at the Group level; in relation to that the comparative data was presented below:

Unless indicated otherwise, all amounts were given in thousands of zlotys

Item in consolidated financial statements	31/12/2015	31/12/2014 processed data	31/12/2014 published data	01/01/2014 published data	01/01/2014 published data
Deferred tax assets	1 988	1 717	-	1 390	-
Deferred income tax provision	3 694	2 773	1 056	2 221	831

14. Assets and liabilities relating to the Company's Welfare Fund

The Group creates the fund and makes periodical deductions in the amount of the deduction from pay. The Fund's objective is to subsidise the Company's welfare activity, grants allowed to its employees and other welfare costs.
The Group companies compensated the Fund's assets with the Company's liabilities towards the Fund as those assets do not constitute the Group's separate assets. The surplus of the Fund's assets over its liabilities adjusted the other receivables of the companies.

The table below presents the analysis of the Fund's assets, liabilities and costs.

	31/12/2015	31/12/2014
Cash	101	104
Loans given to employees	9	20
Total assets of the Company's Welfare Fund	110	124
Liabilities in relation to the Company's Welfare Fund	123	133
Assets/liabilities of the Company's Welfare Fund	**(13)**	**(9)**
Contributions to the Fund in the turnover period	**209**	**203**

On the basis of annexe No. 6 to the Remuneration Rules, INPRO SA stopped the creation of the Company's Welfare Fund on 1 January 2016. The money at the account of the Company's Welfare Fund will be spent and settled in conformity with previous rules until it has been used up. Unreconciled benefits awarded to the employees from the Company's Welfare Fund will be settled in conformity with the agreements signed.

15. Earnings per share

The basic earnings per share are calculated by dividing net profit for a period, such profit falling to ordinary shareholders of the Parent Company, by the average weighted number of the issued ordinary shares occurring in the period.
The diluted earnings per share are calculated by dividing net profit for a period, such profit falling to ordinary shareholders (following the deduction of interest on redeemable privileged shares convertible into ordinary shares) by the average weighted number of the issued ordinary shares occurring in the period (such number having been adjusted by the impact of diluting options and diluting privileged shares convertible into ordinary ones).

The figures concerning profit and shares used for the calculation of the basic and diluted earnings per share have been presented below:

Unless indicated otherwise, all amounts were given in thousands of zlotys

Earnings per share	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Net profit (loss) from continuing operations	24 903	7 673
Net profit from discontinued operations	-	-
Net profit attributable to shareholders in the parent entity	**24 903**	**7 673**
Weighted average number of ordinary shares	**40 040**	**40 040**

Basic earnings per share	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Net profit	24 903	7 673
Weighted average number of ordinary shares	40 040	40 040
Basic earnings per share (PLN/share)	0,6219	0,1916
Diluted earnings per share	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Net profit attributable to the parent entity's shareholders used for diluted earnings per share calculation	24 903	7 673
Adjusted weighted average number of ordinary shares used for diluted earnings per share calculation	40 040	40 040
Diluted earnings per share (PLN/share)	0,6219	0,1916
Basic earnings per share from continuing operations	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Net profit from continuing operations	24 903	7 673
Weighted average number of ordinary shares	40 040	40 040
Basic earnings per share (PLN/share)	0,6219	0,1916
Diluted earnings per share from continuing operations	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Net profit attributable to Shareholders used for the calculation of diluted earnings per share from continuing operations	24 903	7 673
Adjusted weighted average number of ordinary shares used for diluted earnings per share calculation	40 040	40 040
Diluted earnings per share (PLN/share)	0,6219	0,1916

Unless indicated otherwise, all amounts were given in thousands of zlotys

16. Dividends paid and proposed

Dividends paid and proposed	01/01/2015 -31/12/2015	01/01/2014 -31/12/2014
Declared and paid dividends for ordinary shares:	**3 634**	**4 042**
- dividend paid to the parent entity's shareholders from profit for 2014	3 603	-
- dividend paid to non-controlling shareholders from profit for 2014	31	-
- dividend paid to the parent entity's shareholders from profit for 2013	-	4 004
- dividend paid to the non-controlling shareholders from profit for 2013	-	38
Total dividends reducing the Group's profit	**3 634**	**4 042**
Dividend paid to non-controlling shareholders	795	215
Total dividends and other payments to owners	**4 429**	**4 257**

Dividend payment in 2015:

In conformity with the resolution No. 9 Ordinary General Assembly of Inpro SA on the division of the Company's net profit for the period from 1 January 2014 to 31 December 2014, the part of the profit in the amount of PLN 3,603 k i.e. PLN 0.10 per share was paid as a dividend to the shareholders of Inpro. The General Assembly set out 14/07/2015 as the dividend date and 28/07/2015 as the dividend payment date.

Based on resolution No. 7/2015 the General Meeting of a subsidiary, PB Domesta Sp. z o.o., made a decision on the payment of the dividend in the amount of PLN 853 k from profit for 2014.

Based on resolution No. 4 of 29/06/2015 r. the General Meeting of a subsidiary, PI ISA Sp. z o.o., made a decision on the payment of the dividend in the amount of PLN 450 k from profit for 2014.

Dividend payment in 2014:

In conformity with the resolution No. 9 of 11/06/2014 of the Ordinary General Assembly of Inpro SA on the division of the Company's net profit for the period from 1 January 2013 to 31 December 2013, the part of the profit in the amount of PLN 4,004 k i.e. PLN 0.10 per share was paid as a dividend to the shareholders of Inpro. The General Assembly set out 10/07/2014 as the dividend date and 24/07/2014 as the dividend payment date.

Based on resolution No. 10/2014 of 26/06/2014, the General Meeting of a subsidiary, PB Domesta Sp. z o.o., made a decision on the payment of the dividend in the amount of PLN 470 k from profit for 2013

Unless indicated otherwise, all amounts were given in thousands of zlotys

17. Property, plant and equipment

01/01/2015-31/12/2015	Land	Buildings, premises and civil and hydraulic engineering structures	Machinery and equipment	Motor vehicles	Other fixed assets	Fixed assets under construction	TOTAL
a) gross value of fixed assets as at the beginning of the period	**5 136**	**80 277**	**17 108**	**6 794**	**8 972**	**457**	**118 744**
b) increases (in relation to)	**84**	**1 457**	**1 935**	**760**	**509**	**1 891**	**6 636**
- purchase	-	20	343	501	345	1 819	**3 028**
- receipt from investments	-	4	-	-	41	-	**45**
- modernisation	-	590	88	-	-	-	**678**
- expenditures on fixed assets under construction	-	-	-	-	-	72	**72**
- investment in an external fixed asset	-	-	32	-	-	-	**32**
- assets taken over on the basis of lease agreements	-	-	1 426	258	-	-	**1 684**
- extension of the Capital Group	3	226	46	1	123	-	**399**
- reclassification to investment properties item	81	617	-	-	-	-	**698**
c) decreases (in relation to)	**(81)**	**(619)**	**(62)**	**(449)**	**(4)**	**-**	**(1 216)**
- sale	-	-	(8)	(308)	-	-	**(316)**
- liquidation	-	(2)	(54)	(141)	(4)	-	**(201)**
- reclassification to another category	(81)	(617)	-	-	-	-	**(698)**
d) gross value of fixed assets as at the end of the period	**5 139**	**81 115**	**18 981**	**7 105**	**9 477**	**2 348**	**124 165**
e) accumulated amortisation (depreciation) as at the beginning of the period	**(130)**	**(6 839)**	**(6 104)**	**(4 226)**	**(5 700)**	**-**	**(22 999)**
f) depreciation for the period (in relation to)	**(8)**	**(2 198)**	**(1 918)**	**(257)**	**(1 196)**	**-**	**(5 577)**
- annual depreciation charge	(8)	(2 131)	(1 940)	(699)	(1 102)	-	**(5 880)**
- sale of a fixed asset	-	-	8	308	-	-	**316**
- liquidation of a fixed asset	-	2	52	135	4	-	**193**

Unless indicated otherwise, all amounts were given in thousands of zlotys

- extension of the Capital Group	(3)	(96)	(38)	(1)	(98)	-	**(236)**
- reclassification to investment properties item	3	27	-	-	-	-	**30**
g) accumulated amortisation (depreciation) as at the end of the period	**(138)**	**(9 037)**	**(8 022)**	**(4 483)**	**(6 896)**	**-**	**(28 576)**
h) write-offs related to the permanent impairment as at the beginning of the period	**-**	**(38)**	**-**	**-**	**-**	**-**	**(38)**
i) write-offs related to the permanent impairment as at the end of the period	**-**	**(38)**	**-**	**-**	**-**	**-**	**(38)**
j) net value as at the beginning of the period	**5 006**	**73 400**	**11 004**	**2 568**	**3 272**	**457**	**95 707**
k) net value as at the end of the period	**5 001**	**72 040**	**10 959**	**2 622**	**2 581**	**2 348**	**95 551**

Unless indicated otherwise, all amounts were given in thousands of zlotys

COMPARATIVE DATA (CONVERTED)

01/01/2014-31/12/2014	Land	Buildings, premises and civil and hydraulic engineering structures	Machinery and equipment	Motor vehicles	Other fixed assets	Fixed assets under construction	TOTAL
a) gross value of fixed assets as at the beginning of the period	**5 176**	**78 802**	**17 312**	**7 400**	**9 079**	**403**	**118 172**
b) increases (in relation to)	**20**	**2 618**	**261**	**961**	**272**	**356**	**4 488**
- purchase	-	1 505	133	961	114	356	**3 069**
- receipt from investments	-	584	128	-	149	-	**861**
- other	20	529	-	-	9	-	**558**
c) decreases (in relation to)	**(60)**	**(1 143)**	**(465)**	**(1 567)**	**(379)**	**(302)**	**(3 916)**
- sale	-	(18)	(4)	(1 567)	(17)	-	**(1 606)**
- liquidation	-	-	(458)	-	(299)	(1)	**(758)**
- reclassification to another category	(60)	(1 125)	(3)	-	(63)	(301)	**(1 552)**
d) gross value of fixed assets as at the end of the period	**5 136**	**80 277**	**17 108**	**6 794**	**8 972**	**457**	**118 744**
e) accumulated amortisation (depreciation) as at the beginning of the period	**(141)**	**(4 878)**	**(4 722)**	**(4 397)**	**(4 913)**	**-**	**(19 051)**
f) depreciation for the period (in relation to)	**11**	**(1 961)**	**(1 382)**	**171**	**(787)**	**-**	**(3 948)**
- annual depreciation charge	(11)	(2 064)	(1 841)	(696)	(1 058)	-	**(5 670)**
- sale of a fixed asset	-	2	4	867	9	-	**882**
- liquidation of a fixed asset	-	-	455	-	249	-	**704**
- reclassification	22	101	-	-	-	-	**123**
- other	-	-	-	-	13	-	**13**
g) accumulated amortisation (depreciation) as at the end of the period	**(130)**	**(6 839)**	**(6 104)**	**(4 226)**	**(5 700)**	**-**	**(22 999)**
h) write-offs related to the permanent impairment as at the beginning of the period	**-**	**(38)**	**-**	**-**	**-**	**-**	**(38)**
i) write-offs related to the permanent impairment as at the end of the period	**-**	**(38)**	**-**	**-**	**-**	**-**	**(38)**
j) net value as at the beginning of the period	**5 035**	**73 886**	**12 590**	**3 003**	**4 166**	**403**	**99 083**
k) net value as at the end of the period	**5 006**	**73 400**	**11 004**	**2 568**	**3 272**	**457**	**95 707**

Unless indicated otherwise, all amounts were given in thousands of zlotys

COMPARATIVE DATA (PUBLISHED)

01/01/2014-31/12/2014	Land	Buildings, premises and civil and hydraulic engineering structures	Machinery and equipment	Motor vehicles	Other fixed assets	Fixed assets under construction	TOTAL
a) gross value of fixed assets as at the beginning of the period	**5 176**	**78 802**	**17 312**	**7 400**	**9 079**	**403**	**118 172**
b) increases (in relation to)	**20**	**2 618**	**261**	**961**	**272**	**356**	**4 488**
- purchase	-	1 505	133	961	114	356	**3 069**
- receipt from investments	-	584	128	-	149	-	**861**
- other	20	529	-	-	9	-	**558**
c) decreases (in relation to)	**-**	**(18)**	**(465)**	**(1 567)**	**(379)**	**(302)**	**(2 731)**
- sale	-	(18)	(4)	(1 567)	(17)	-	**(1 606)**
- liquidation	-	-	(458)	-	(299)	(1)	**(758)**
- reclassification to another category	-	-	(3)	-	(63)	(301)	**(367)**
d) gross value of fixed assets as at the end of the period	**5 196**	**81 402**	**17 108**	**6 794**	**8 972**	**457**	**119 929**
e) accumulated amortisation (depreciation) as at the beginning of the period	**(141)**	**(4 878)**	**(4 722)**	**(4 397)**	**(4 913)**	**-**	**(19 051)**
f) depreciation for the period (in relation to)	**(11)**	**(2 062)**	**(1 382)**	**171**	**(787)**	**-**	**(4 071)**
- annual depreciation charge	(11)	(2 064)	(1 841)	(696)	(1 058)	-	**(5 670)**
- sale of a fixed asset	-	2	4	867	9	-	**882**
- liquidation of a fixed asset	-	-	455	-	249	-	**704**
- other	-	-	-	-	13	-	**13**
g) accumulated amortisation (depreciation) as at the end of the period	**(152)**	**(6 940)**	**(6 104)**	**(4 226)**	**(5 700)**	**-**	**(23 122)**
h) write-offs related to the permanent impairment as at the beginning of the period	**-**	**(38)**	**-**	**-**	**-**	**-**	**(38)**
i) write-offs related to the permanent impairment as at the end of the period	**-**	**(38)**	**-**	**-**	**-**	**-**	**(38)**
j) net value as at the beginning of the period	**5 035**	**73 886**	**12 590**	**3 003**	**4 166**	**403**	**99 083**
k) net value as at the end of the period	**5 044**	**74 424**	**11 004**	**2 568**	**3 272**	**457**	**96 769**

Unless indicated otherwise, all amounts were given in thousands of zlotys

The balance sheet value of property, plant and equipment in the reporting period decreased by PLN 156 k. That was mainly due to depreciation charges made. There was no material liquidation of fixed assets in the reporting period.

In the fixed assets area, the following are of the greatest significance:
- fixed assets taken over on the basis of lease agreements by inBet Sp. z o.o. in total value of PLN 1,334 k (a bending machine, digger-loader, aggregate transport line)
- thermal upgrading of and conversion of a production hall into offices, PLN 575 k (inBet Sp. z o.o.),
- motor vehicles taken over on the basis of lease agreements- PLN 761 k
- food waste utilisation machine worth PLN 157 k (Hotel Mikołajki Sp. z o.o.)

The balance sheet value of all the fixed assets used as at 31 December 2015 on the basis of finance lease agreements and lease agreements with a purchase option was PLN 2,353 k, (31 December 2014: PLN 952 k).

The securities on fixed assets as at 31/12/2015 were described in detail in note No. 30.

18. Investment property

In the reporting period, the Group decided to change the presentation of units leased by INPRO SA to external entities. The change consisted in the transfer of the net value of those premises from the "Property, plant and equipment" to "Investment property" (net value as at 31/12/2014- PLN 1,062 k). The valuation remained unchanged. In relation to the change under discussion, comparative data was presented below.

	31/12/2014 processed data	31/12/2014 published data	01/01/2014 processed data	01/01/2014 published data
Property, plant and equipment	95 707	96 769	97 992	99 083
Investment property	1 062	-	1 091	-
Total	**96 769**	**96 769**	**99 083**	**99 083**

The net value of investment real estate increased in 2015 from PLN 1,062 k to PLN 1,730 k as a result of the reclassification of an apartment in inventories in relation to its designation for lease.

	31/12/2015	31/12/2014 processed data	01/01/2014 processed data
Investment property	1 730	1 062	1 091
Total	**1 730**	**1 062**	**1 091**

Unless indicated otherwise, all amounts were given in thousands of zlotys

19. Intangibles

CHANGES IN THE VALUE OF INTANGIBLES (BY CATEGORY) 01/01/2015 - 31/12/2015	Cost of completed development work	Goodwill	Software	Other intangibles	TOTAL
a) gross value of intangibles as at the beginning of the period	**-**	**5 624**	**575**	**215**	**6 414**
b) increases (in relation to)	**-**	**1 084**	**36**	**27**	**1 147**
- purchase	-	-	32	-	32
- reclassification		-	-	27	27
- extension of the Capital Group		1 084	4	-	1 088
c) decreases (in relation to)		**-**	**(34)**	**-**	**(34)**
- sale	-	-	(7)	-	(7)
- reclassification		-	(27)	-	(27)
d) gross value of intangibles as at the end of the period	**-**	**6 708**	**577**	**242**	**7 527**
e) accumulated depreciation as at the beginning of the period	**-**	**-**	**(449)**	**(58)**	**(507)**
f) depreciation for the period (in relation to)	**-**	**-**	**(99)**	**(68)**	**(167)**
- depreciation (the annual charge)	-	-	(122)	(45)	(167)
- sale	-	-	4	-	4
- extension of the Capital Group		-	(4)	-	(4)
- reclassification		-	23	(23)	-
g) accumulated amortisation (depreciation) as at the end of the period	**-**	**-**	**(548)**	**(126)**	**(674)**
h) net value of intangibles as at the beginning of the period	**-**	**5 624**	**126**	**157**	**5 907**
i) net value of intangibles as at the end of the period	**-**	**6 708**	**29**	**116**	**6 853**

Unless indicated otherwise, all amounts were given in thousands of zlotys

CHANGES IN THE VALUE OF INTANGIBLES (BY CATEGORY) 01/01/2014 - 31/12/2014	**Cost of completed development work**	**Goodwill**	**Software**	**Other intangibles**	**TOTAL**
a) gross value of intangibles as at the beginning of the period	**-**	**5 624**	**669**	**215**	**6 508**
b) increases (in relation to)	**-**	**-**	**51**	**-**	**51**
- purchase	-	-	51	-	51
c) decreases (in relation to)	**-**	**-**	**(145)**	**-**	**(145)**
- liquidation	-	-	(145)	-	(145)
d) gross value of intangibles as at the end of the period	**-**	**5 624**	**575**	**215**	**6 414**
e) accumulated depreciation as at the beginning of the period	**-**	**-**	**(454)**	**(15)**	**(469)**
f) depreciation for the period (in relation to)	**-**	**-**	**5**	**(43)**	**(38)**
- depreciation (the annual charge)	-	-	(140)	(43)	(183)
- liquidation	-	-	145	-	145
g) accumulated amortisation (depreciation) as at the end of the period	**-**	**-**	**(449)**	**(58)**	**(507)**
h) net value of intangibles as at the beginning of the period	**-**	**5 624**	**215**	**200**	**6 039**
i) net value of intangibles as at the end of the period	**-**	**5 624**	**126**	**157**	**5 907**

Unless indicated otherwise, all amounts were given in thousands of zlotys

19.1 Goodwill

As a result of the purchase of 51% of shares in P.B. Domesta Sp. z o.o. on 12 August 2010, goodwill was disclosed in the amount of PLN 5,624 k.
As a result of the purchase of 76.92% of shares in PI ISA Sp. z o.o. on 01 July 2015, goodwill was disclosed in the amount of PLN 1,084 k.

20. Business combinations

20.1 Goodwill on consolidation

Goodwill on consolidation	31/12/2015	31/12/2014
Balance sheet value of goodwill on consolidation		
P.B. Domesta Sp. z o.o.	5 624	5 624
PI ISA Sp. z o.o.	1 084	-
Total balance sheet value	**6 708**	**5 624**

During 2014 and 2015 the following changes in goodwill on consolidation occurred:

	01/01/2015 -31/12/2015	01/01/2014 -31/12/2014
Goodwill on consolidation as at the beginning of the period	**5 624**	**5 624**
Changes of goodwill on consolidation in the period (acquisition of shares in PI ISA Sp. z o.o.)	1 084	-
Total balance sheet value as at the end of the period	**6 708**	**5 624**

As a result of the purchase of 51% of shares in P.B. Domesta Sp. z o.o. on 12 August 2010, goodwill was disclosed in the amount of PLN 5,624 k.
The price of purchase of 51% of shares in P.B. Domesta Sp. z o.o. on 12 August 2010 was fixed on the basis of the valuation of P.B. Domesta Sp. z o.o. at its fair value measured by the income method. Goodwill was determined as the difference between the value of the purchased share in the net assets of the company and the purchase price.
Goodwill increased by PLN 1,084 k in the current reporting period.
As a result of the purchase of 76.92% of shares in Przedsiębiorstwo Instalacyjne ISA Sp. z o.o. on 01/07/2015, goodwill was shown in the amount of PLN 1,084 k.
The price for the purchase of 76.92 % shares in PI ISA Sp. z o.o. on 1/07/2015 was fixed on the basis of the valuation of PI ISA Sp. z o.o. in conformity with the fair value determined by means of the comparable data method with data from the active market in relation to similar trades and those affecting the company under valuation.
The valuation date is 31 March 2015. Goodwill was determined as the difference between the value of the purchased share in the net assets of the company and the purchase price.

An impairment test conducted as at 31 December 2015 confirmed that the value shown in the statements is realistic.

Unless indicated otherwise, all amounts were given in thousands of zlotys

The recoverable value of PB Domesta Sp. z o.o. and PI ISA Sp. z o.o. as at 31/12/2015 was determined by calculating the value in use on the basis of estimated cash flows in a 5-year period. The discount rate applied to the cash flows is 7%, and after 5 years the cash flows are extrapolated at the growth rate of 0.5%.

Key assumptions used in the calculation of the value in use of entities:

The calculation of the value in use is the most susceptible to assumptions pertaining to:
- gross profit margin,
- discount rate,
- discount rate taken for the extrapolation of cash flows beyond the forecast period.

PB Domesta Sp. z o.o. and PI ISA Sp. z o.o. calculated gross margins for the period covered by the forecast on the basis of the average gross margin achieved in the period directly preceding the start of the period covered by the forecast (the average actual margin from the last 3 years i.e. 2013-2015). The values taken for key assumptions therefore reflect the previous experience.

PB Domesta Sp. z o.o. and PI ISA Sp. z o.o. took the assumption that the weighted average cost of capital is equal to the equity cost because those companies did not use and, as at the date of the forecast, do not intend to use significant external finance. The cost of equity was determined as the total interest on 10-year treasury bonds (2.5%) and a risk premium (4.5%).

The estimated growth rate is based on sectoral analyses and estimates made by the Management Board.

20.2 Acquisition of business entities

On 01/07/2015 INPRO SA entered into three purchase agreements for the total of 270 shares in Przedsiębiorstwo Instalacyjne ISA Sp. z o.o. with its registered office in Gdańsk. On the basis of the signed agreements INPRO SA purchased 90 shares at the nominal value of PLN 200 each from each of the members of the Management Board of INPRO S.A., that is from Mr Piotr Stefaniak, Mr Krzysztof Maraszek and Mr Zbigniew Lewiński. After the purchase of the shares, INPRO S.A. holds in PI ISA Sp. z o.o. the total of 270 shares of the nominal value of PLN 54,000, such shares granting jointly 76.92 % of the capital of that entity (PLN 80,000). The purchase agreement was registered in the National Court Register on 07/09/2015.

PI ISA Sp. z o.o. was acquired in relation to the intention to extend the Group's activity to include yet another segment - plumbing and heating systems.

Recognised goodwill includes certain intangibles, which can be neither segregated in the acquired entity nor valued in a credible way because of their nature. Intangibles recognised under that item comprise, among others, long-term experience in the construction of sanitary and heating installations, skilled and loyal staff, and the satisfaction of current customers.

The fair value of identifiable assets and liabilities of PI ISA Sp. z o.o. as at the acquisition date is as follows

	fair value at the takeover day
Property, plant and equipment	162
Inventory	15
Short- term receivables including:	1 672
trade receivables*	*1 664*
other receivables	*8*
Cash	945
Prepayments	88
TOTAL ASSETS	**2 882**
Deferred income tax provision	2
Short-term liabilities	1 471
Prepayment	11
TOTAL LIABILITIES	**1 484**
FAIR VALUE OF NET ASSETS	**1 398**

Unless indicated otherwise, all amounts were given in thousands of zlotys

*Trade receivables were not at risk and therefore not comprised in any revaluation deductions as at 30/06/2015.

NON-CONTROLLING SHARES AS AT THE ACQUISITION DATE: PLN 323 K

The purchase price

Goodwill- result of the takeover	1 084
purchased share in the net assets of the company	76,92%
purchase price	8
number of purchased share	270
Total payment	**2 160**

Cash outflow in relations to the acquisition

Net cash taken over with the subsidiary	945
Paid amount	2 160
Net cash outflow	**(1 215)**

Sales revenues and the net profit realised by PI ISA Sp. z o.o. broken down by: the period before the acquisition of shares in the entity (i.e. for the period 01/01/2015-30/06/2015) and for the period after the acquisition of shares in the entity (i.e. 01/07/2015-31/12/2015):

	01/01/2015-30/06/2015 (before acquisition)	**01/07/2015-31/12/2015 (after acquisition)**	**Total 2015**
Sales revenues, including:	**3 576**	**4 352**	**7 928**
for the Group's entities	-	2 275	2 275
for entities outside the Group	3 576	2 077	5 653
Net profit	**181**	**147**	**328**

Revenues realised by PI ISA in the period 01/07/2015-31/12/2015 for entities outside the Group were 0.98% of consolidated revenues.

Unless indicated otherwise, all amounts were given in thousands of zlotys

21. Inventory

Inventory	**31/12/2015**	**31/12/2014**
Materials (at the acquisition price)	891	806
Commodities (at the acquisition price)	51 927	78 949
Work in progress (at the cost of manufacture)	49 260	44 303
Finished goods (at the acquisition price / cost of manufacture)	111 362	87 844
Total inventory at the lower of two values: the acquisition price (cost of manufacture) and net realisable value	**213 440**	**211 902**

Mortgages to secure existing and future claims and ordinary mortgages to secure credit repayment are established on inventory (land in perpetual usufruct recorded in commodities). Details of securities: see note 27 in additional information.

The cost of inventories included in the costs of the current accounting period for continuing operations was PLN 153,376 k. After a period exceeding 12 months it is expected that approximately PLN 110 m of inventories will be recovered.

In 2015 the Group made a revaluation deduction on the value of parking spaces in buildings A and B at the City Park project in relation to bringing them down to the net selling prices. The amount of the deduction was PLN 284 k. In 2014 the Group made an inventory revaluation deduction of PLN 28 k.

Obsolescence allowances on inventory	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Obsolescence allowances on inventory as at the beginning of the period	**38**	**10**
Obsolescence allowance made	284	28
Obsolescence allowance reversed	-	-
Obsolescence allowances on inventory as at the end of the period	**322**	**38**

Unless indicated otherwise, all amounts were given in thousands of zlotys

22. Trade and other receivables

	31/12/2015	31/12/2014
Receivables from related entities	**10**	**16**
Trade receivables	10	16
Other receivables	-	-
Receivables from other entities	**13 165**	**7 271**
Gross trade receivables	8 526	4 428
State budget receivables other than current income tax	1 301	1 843
Advances on inventory	1 275	857
Advances on fixed assets	2 054	79
Other non-financial liabilities	9	64
Total gross receivables	**13 175**	**7 287**
Valuation allowances for receivables	**(265)**	**(321)**
Short-term prepayments, including:	**303**	**493**
- subscription cost	7	11
- software, domains, licences	52	38
- cost of insurances	134	114
- payments under the remaining lease agreements	6	7
- rent	2	7
- advertisements	37	40
- other prepaid expenses	65	276
Total receivables (net)	**13 213**	**7 459**

The conditions of transactions with related entities are presented in item 31 of additional information.

Trade accounts receivable are not interest-bearing and their time-limit for payment is usually 30 days.
Trade and other receivables are valued as at the amortised cost with the application of the effective interest rate, with valuation allowances on receivables taken into account. The book value of receivables is close to their fair value. Trade receivables with the maturity date below 360 days from the date on which they arise are not subject to discounting.

The description of risks relating to trade and other receivables and the Group's policy concerning the management of those risks was presented in item 32.5 of additional information.

Unless indicated otherwise, all amounts were given in thousands of zlotys

23. Other financial assets

Other financial assets	31/12/2015	31/12/2014
advances on separate revenue accounts (escrow accounts)*	7 821	9 576
Others	-	-
Total	**7 821**	**9 576**

* applicable to payments made by the customers of INPRO SA and PB Domesta Sp. z o.o on the basis of property development agreements

24. Total cash and cash equivalents

The balance of cash and cash equivalents shown in the consolidated statement of the financial position and in the consolidated cash flow statement consisted of the following items:

Cash	31/12/2015	31/12/2014
Cash at bank and in hand	8 710	17 364
Cash at bank deposits (without overnight deposits)	18 518	21 351
Total cash and cash equivalents	**27 228**	**38 715**

	31/12/2015	31/12/2014
Cash in PLN	27 228	38 715
Total cash and cash equivalents	**27 228**	**38 715**

Free cash is accumulated at bank accounts and invested in fixed-time and overnight (o/n) deposits. The Group obtains both variable and fixed interest rates on cash.

Cash at bank accounts bears interest in accordance with variable interest rates, which depend on the interest rate on one day bank deposits. Short-term deposits are made for various periods depending on the current Group's demand for cash. Deposits bear interest in accordance with interest rates fixed for them. The fair value of cash and cash equivalents as at 31 December 2015 is 27,228 k zlotys (31/December/2014: 38,715 k zlotys).

As at 31 December 2015 the Group had unused credit (working capital credits for property development projects and overdraft facilities) in the amount of 51,845 k zlotys (31 December 2014: 46,913 k zlotys), which funds will be used as the construction works progress.

Unless indicated otherwise, all amounts were given in thousands of zlotys

24.1 Explanation to the cash flow statement for the period 01/01/2015 – 31/12/2015

No.	Item	Change in the period 01/01/2015-31/12/2015
1.	Balance sheet change in provisions	699
2.	Change in provisions in the cash flow statement	(222)
3.	Difference	(921)
4.	Explanation of the difference:	(921)
-	change in provisions in relation to CIT	(921)
1.	Balance sheet change in prepayments	(153)
2.	Change in prepayments in the cash flow statement	117
3.	Difference	270
4.	Explanation of the difference:	270
-	change in deferred tax assets	271
-	other prepayments – settlement of interest on lease	(1)
1.	Balance sheet change in net long and short-term receivables	(5 235)
2.	Change in receivables in the cash flow statement	(6 276)
3.	Difference	(1 041)
4.	Explanation of the difference:	(1 041)
-	change in receivables in relation to the sale of fixed assets, fixed assets under construction and intangibles	(323)
-	change in receivables in relation to CIT	(718)
1.	Balance sheet change in short and long-term liabilities	(27 348)
2.	Change in short-term liabilities in the cash flow statement	12 564
3.	Difference	39 912
4.	Explanation of the difference:	39 912
-	change in short and long-term loans and credits	19 580
-	change in liabilities in relation to CIT	(655)
-	change in liabilities in relation to finance lease	(891)
-	change in liabilities in relation to the acquisition of fixed assets, fixed assets under construction and intangibles	(238)
-	change of advances on separate revenue accounts	1 755
-	change of liabilities in relation to the issue of securities representing no right to equity	20 403
-	other adjustments	(42)

Unless indicated otherwise, all amounts were given in thousands of zlotys

Explanation to the cash flow statement for the period 01/01/2015 – 31/12/2015 (continued)

1.	Balance sheet change in inventory	(1 538)
2.	Change in inventory in the cash flow statement	(2 237)
3.	Difference	(699)
4.	Explanation of the difference:	(699)
-	transfer of inventory to fixed assets	(699)
1.	Balance sheet change in cash	(11 487)
2.	Change in cash in the cash flow statement	(11 487)
3.	Difference	-
4.	Explanation of the difference:	-

25. Share and other capital

25.1 Share capital

As at:	**31/12/2015**	**31/12/2014**
Registered share capital	4 004	4 004

SHARE CAPITAL AS AT 31/12/2015 IN PLN						
Series	Kind of shares	Kind of privilege on the shares	Kind of restriction of the right to shares	Number of shares	Nominal value of one share in PLN	Value of the series/issue with reference to the nominal value in PLN
A	ordinary	none	none	30 030 000	0.10	3 003 000
B	ordinary	none	none	10 010 000	0.10	1 001 000
Total				**40 040 000**		**4 004 000**

SHARE CAPITAL AS AT 31/12/2014 IN PLN						
Series	Kind of shares	Kind of privilege on the shares	Kind of restriction of the right to shares	Number of shares	Nominal value of one share in PLN	Value of the series/issue with reference to the nominal value in PLN
A	ordinary	none	none	30 030 000	0.10	3 003 000
B	ordinary	none	none	10 010 000	0.10	1 001 000
Total				**40 040 000**		**4 004 000**

Unless indicated otherwise, all amounts were given in thousands of zlotys

Nominal share value
All the issued shares have the nominal value of PLN 0.10 and were fully paid for.

Shareholders' rights
Series A and B shares have one vote per share. The shares are equally preferred as to the dividend and return from equity.

No changes in the Group's share capital occurred in the financial year.
Changes in the share capital of subsidiaries and the current shareholding structure as at the date of signing these consolidated financial statements were described in detail in note 2 of additional information.

25.2 Supplementary capital

Supplementary capital was created from profits from previous years in conformity with resolutions adopted by the shareholders. Supplementary capital is included in the "retained profit" line item.

25.3 Other capital

The revaluation reserve from financial assets available for sale – not applicable.

The reserve related to exchange gains/losses from the conversion of subordinate units – not applicable.

25.4 Retained profits and restrictions on capital

The statutory financial statements of inBet Sp. z o.o., Dom Zdrojowy Sp. z o.o., P.B. Domesta Sp. z o.o., Hotel Mikołajki Sp. z o.o. are prepared in conformity with Polish accounting standards. A dividend may be paid on the basis of profit fixed in the annual separate financial statements prepared for statutory purposes.

On the basis of § 396 of the Commercial Companies Code, the Parent Entity is obliged to maintain retained profit (the so-called supplementary capital) up to 1/3 of the share capital only for the financing of possible financial losses.

As at 31/12/2015 retained profits exceeded many times the value of that company's share capital while amounting to PLN 222 k.

25.5 Non-controlling shares

Non-controlling shares	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
As at the beginning of the period	**10 543**	**10 259**
Dividend payment	(345)	(215)
Share in the current period's profit or loss	896	499
Extension of the Capital Group- acquisition of shares in subsidiary (PI ISA Sp. z o.o.)	323	-
Increase of the share capital in subsidiary- inBet Sp. z o.o.	486	-
Acquisition of new shares in subsidiary- PB Domesta Sp. z o.o.	(1 023)	-
At the end of the period	**10 880**	**10 543**

Selected financial information concerning subsidiaries with non-controlling shares as at 31/12/2015 and for the period 1/01/2015-31/12/2015 as well as comparative data was presented in note No. 2.4.

Unless indicated otherwise, all amounts were given in thousands of zlotys

26. Provisions

26.1 Change in provisions

01/01/2015 -31/12/2015	Benefits after the employment period	Provision for contentious issues, penalties, fines and damages	Provision for guarantees and sureties given	Other provisions	**Total provisions**
Status as at the beginning of the period	**237**	**398**	**329**	**1 938**	**2 902**
Increase (+)	96	410	94	1 453	**2 053**
Decrease (-)	(43)	(300)	-	(1 932)	**(2 275)**
Status as at the end of the period	**290**	**508**	**423**	**1 459**	**2 680**

01/01/2014 -31/12/2014	Benefits after the employment period	Provision for contentious issues, penalties, fines and damages	Provision for guarantees and sureties given	Other provisions	**Total provisions**
Status as at the beginning of the period	**252**	**38**	**99**	**1 500**	**1 889**
Increase (+)	43	396	329	1 921	**2 689**
Decrease (-)	(58)	(36)	(99)	(1 483)	**(1 676)**
Status as at the end of the period	**237**	**398**	**329**	**1 938**	**2 902**

Time structure of provisions	**31/12/2015**	**31/12/2014**
Long-term part	290	237
Short-term part	2 390	2 665
Total provisions	**2 680**	**2 902**

26.2 Provision for guarantees and sureties given

The balance of relevant provisions as at 31 December 2015 was as follows: PLN 423 k (as at 31 December 2014: PLN 329 k).

26.3 Retirement severance pay

The Group companies pay retiring employees retirement severance pay in the amount set out by the Labour Code.
The companies do not separate assets which could be used to settle the retirement severance pay in the future.
The Group companies create a provision for future retirement severance pay liabilities to allocate the costs to the periods concerned.
The provision is revised two times a year- at half-year and at the end of a financial year.
The main assumptions taken by the Group as at the balance sheet date and for the years ended on 31 December 2015 and 31 December 2014 for the calculation of the liability are as follows:

Unless indicated otherwise, all amounts were given in thousands of zlotys

	31/12/2015	31/12/2014
Discount rate	2.5	3.00
Estimated salary growth rate	0.00	0.00

There is no employee share ownership plan at the Group companies.

26.4 Other provisions

That item is composed of, among other things, the following provisions:

- for unused vacation leave,
- for the audit of the financial statements,
- for the construction costs invoiced in 2016, concerning premises delivered in 2015.

27. Interest bearing credits, leases and bonds issue

Long-term financial liabilities	**31/12/2015**	**31/12/2014**
Loans and credits	33 363	49 579
Liabilities relating to finance lease and lease agreements with a purchase option	944	161
Total	**34 307**	**49 740**

Short-term financial liabilities	**31/12/2015**	**31/12/2014**
Loans and credits	19 095	22 459
Short-term bonds	-	20 403
Liabilities relating to finance lease and lease agreements with a purchase option	395	287
Total	**19 490**	**43 149**

As at 31 December 2015 and 31 December 2014, the Group had the following credits and liabilities in relation to lease agreements:

Unless indicated otherwise, all amounts were given in thousands of zlotys

Liabilities of the INPRO SA Capital Group in relation to credits as at 31/12/2015

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities – mortgage			Other securities
					Mortgage	Object	Location	
Alior Bank SA	PLN	10 000	179	18/09/2016	Mortgage up to the sum of PLN 15,000 k	GD1G/00260693/7 and on the share in: GD1G/00256721/2, GD1G/00257490/0	Gdańsk, ul. Jasieńska	power of attorney to accounts, power of attorney to accounts and to sell real estate if credit is not repaid, security assignment, silent assignment of claims from preliminary sale agreements
Alior Bank SA	PLN	4 300	1 672	06/02/2017	Mortgage up to the sum of PLN 6,450 k	GD1G/00261401/1	Gdańsk, al. Rzeczpospolitej	power of attorney to accounts, silent assignment of claims from the sale agreements regarding single-family houses, stages D and H
Alior Bank SA	PLN	8 200	2 389	28/04/2017	Mortgage up to the sum of PLN 12,300 k	GD1G/00084697/7 (on the share in the perpetual usufruct right and ownership of the building)	Gdańsk, ul. Tandeta 1	transfer of monetary claims in relation to the sale of premises, power of attorney to accounts, transfer of claims under insurance, notarised power of attorney to sell the premises credited in the case of the lack of payment
Alior Bank SA CDF Gdańsk	PLN	5 473	-	10/06/2018	Mortgage up to the sum of PLN 8,210 k	GD1G/00087942/1	Gdańsk, ul. Olsztyńska 1A	unconfirmed transfer of cash claims in relation to sale agreements for premises being credited, power of attorney to accounts, confirmed transfer of a cash claim under real property insurance, power of attorney for the bank to sell the premises credited in the case of the lack of payment
Consortium SGB Bank SA BS in Tczew	PLN	11 000	1 428	30/09/2016	Two mortgages up to the sum of PLN 9,350 k each	GD1G/00268665/8	Gdańsk, ul. Jasieńska	security assignment, 2 blank promissory notes, power of attorney to accounts, assignment of rights from claims from the current account
Consortium SGB Bank SA Kaszubski Bank Spółdzielczy in Wejherowo	PLN	8 000	4 941	30/09/2017	Two mortgages- up to the sum of 7,200 k and up to the sum of 4,800 k	GD1Y/00114340/5	Gdańsk, ul. Wielkopolska	two blank promissory notes, power of attorney to accounts, assignment of claims from the current account

Unless indicated otherwise, all amounts were given in thousands of zlotys

Consortium SGB Bank SA Bank Spółdzielczy in Tczew	PLN	5 000	4 900	31/12/2016	Two mortgages- up to the sum of PLN 7,000 k, and up to the sum of PLN 3,000 k	GD1G/00268666/5	Gdańsk, ul. Jasieńska	assignment of rights resulting from the insurance policy, two blank promissory notes, a power of attorney to accounts, assignment of claims from the current account
Consortium SGB Bank SA Bank Spółdzielczy in Pruszcz Gdański	PLN	5 000	3 226	31/12/2016	Two mortgages up to the sum of PLN 5,000 k each	GD1G/00268666/5	Gdańsk, ul. Jasieńska	assignment of rights resulting from the insurance policy, two blank promissory notes, a power of attorney to accounts, assignment of claims from the current account
mBank SA	PLN	34 600	6 932	29/12/2017	Mortgage up to the sum of PLN 51,900 k	GD1G/00065617/4	Gdańsk, ul. Szczecińska	assignment of rights under an insurance policy, blank promissory note, statement on submission to enforcement
mBank SA	PLN	24 300	-	29/12/2017	Mortgage up to the sum of PLN 36,450 k	GD1G/00064314/3	Gdańsk, ul. Chmielna	assignment of rights under an insurance policy, blank promissory note
PKO BP	PLN	36 214	26 791	31/12/2027	Mortgage up to the sum of PLN 54,321 k	OL1M/00025679/2*, OL1M/00026392/3 District Court in Mrągowo	The island and peninsula at Lake Mikołajskie	Inpro's sponsor statement, power of attorney to accounts, transfer of claims under apartment lease agreements, registered pledge on the shares in Hotel Mikołajki, blank promissory note, security assignment, INPRO's civil law surety, INPRO's statement on submission to enforcement in conformity with Article 777 of the Code of Civil Procedure, a statement by Hotel Mikołajki on the submission to enforcement in conformity with Article 777 of the Code of Civil Procedure
Total credit liabilities			**52 458**					

*this mortgage also comprises land and mortgage registers of the premises segregated from land and mortgage register No. OL1M/00025679/2, that is registers with the following numbers: OL1M/00037334/9, OL1M/00037335/6, OL1M/00037336/3, OL1M/00037337/0, OL1M/00037481/4, OL1M/00037338/7, OL1M/00037339/4

Unless indicated otherwise, all amounts were given in thousands of zlotys

Open credit lines as at 31/12/2015

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities			
					Ordinary	Object	Location	Ordinary
PKO BP	PLN	10 000	-	02/12/2016	mortgage up to the sum of PLN 15,000 k	GD1G/00068140/0 SR Gdańsk Pn	Gdańsk, ul. Opata Jacka Rybińskiego 8	blank promissory note**,** assignment of rights under the construction site insurance agreement, claim deduction from bank accounts
BANK MILLENNIUM SA	PLN	250	-	04/02/2016	mortgage up to the sum of PLN 425 k	GD1G/00082949/5	Gdańsk, ul. Opata Jacka Rybińskiego 8	blank promissory note
PEKAO S.A.	PLN	1 000	-	31/12/2016	mortgage up to the sum of PLN 2,000 k	KW nr GD1G/00215282/3	Gdańsk Jasień, 251/6	blank promissory note
Total credit liabilities			**-**					

Unless indicated otherwise, all amounts were given in thousands of zlotys

Liabilities of the INPRO SA Capital Group in relation to credits as at 31/12/2014

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities – mortgage			Other securities
					Mortgage	Object	Location	
PKO BP	PLN	25 474	3 955	31/12/2016	mortgage up to the sum of PLN 38,211 k	GD1G/00064314/3 Gdańsk-North District Court	Gdańsk, ul. Chmielna 73	blank promissory note, assignment of rights under the construction site insurance agreement, claim deduction from bank accounts
Alior Bank SA	PLN	10 000	2 461	18/09/2016	mortgage up to the sum of PLN 15,000 k	GD1G/00260693/7 and on the share in: GD1G/00256721/2, GD1G/00257490/0	Gdańsk, ul. Jasieńska	power of attorney to accounts, power of attorney to accounts and to sell real estate if credit is not repaid, security assignment, silent assignment of claims from preliminary sale agreements
Alior Bank SA	PLN	4 300	3 105	06/02/2017	mortgage up to the sum of PLN 6,450 k	GD1G/00261401/1	Gdańsk, al. Rzeczpospolitej	power of attorney to accounts, silent assignment of claims from the sale agreements regarding single-family houses, stages D and H
Alior Bank SA	PLN	8 200	3 884	28/04/2017	mortgage up to the sum of PLN 12,300 k	GD1G/00084697/7 (on the share in the perpetual usufruct right and ownership of the building)	Gdańsk, ul. Tandeta 1	transfer of monetary claims in relation to the sale of premises, power of attorney to accounts, transfer of claims under insurance, notarised power of attorney to sell the premises credited in the case of the lack of payment
SGB Bank SA	PLN	9 500	9 300	31/12/2015	mortgage up to the sum of PLN 12,350 k	GD1G/00150959/6	Gdańsk, ul. Jasieńska	power of attorney to accounts, security assignment, blank promissory note
Consortium SGB Bank SA BS in Tczew	PLN	11 000	5 686	30/09/2016	two mortgages up to the sum of PLN 9,350 k each	GD1G/00150959/6	Gdańsk, ul. Jasieńska	security assignment, 2 blank promissory notes, power of attorney to accounts, assignment of rights from claims from the current account
Banking consortium (SGB Bank SA Kaszubski Bank Spółdzielczy in Wejherowo)	PLN	8 000	7 765	30/09/2017	two mortgages- up to the sum of PLN 7,200 k and up to the sum of PLN 4,800 k	GD1Y/00114340/5	Gdańsk, ul. Wielkopolska	two blank promissory notes, power of attorney to accounts, assignment of claims from the current account
Banking consortium (BPS SA PBS in Kwidzyn)	PLN	15 000	6 420	30/09/2016	mortgage up to the sum of PLN 25,500 k	GD1G/00145988/0	Gdańsk, ul. Jana Pawła II	assignment of future claims under agreements for the sale of premises, blocking of funds at the auxiliary account, security assignment, power of attorney to accounts, 2 blank promissory notes, statement on subjection to enforcement
PKO BP	PLN	36 214	29 462	31/12/2027	mortgage up to the sum of PLN 54,321 k	OL1M/00025679/2, OL1M/00026392/3 Mrągowo District Court	The island and peninsula at Lake Mikołajskie	Inpro's sponsor statement, power of attorney to accounts, transfer of claims under apartment lease agreements, registered pledge on the shares in Hotel Mikołajki, blank promissory note, security assignment
Total credit liabilities			**72 038**					

Unless indicated otherwise, all amounts were given in thousands of zlotys

* the mortgage also comprises land and mortgage registers for the premises segregated from land and mortgage register No. OL1M/00025679/2, i.e. the registers with the following numbers: OL1M/00037334/9, OL1M/00037335/6, OL1M/00037336/3, OL1M/00037337/0, OL1M/00037481/4, OL1M/00037338/7, OL1M/00037339/4

Open credit lines as at 31/12/2014

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities			
					Mortgage	Object	Location	Other securities
PKO BP	PLN	10 000	-	02/12/2015	mortgage up to the sum of PLN 15,000 k	GD1G/00068140/0 Gdańsk-North District Court	Gdańsk, ul. Opata Jacka Rybińskiego 8	blank promissory note, assignment of rights under the construction site insurance agreement, claim deduction from bank accounts
PEKAO S.A.	PLN	500	-	28/05/2015	not applicable	not applicable	not applicable	registered pledge on hotel equipment of the net book value of PLN 716 k, assignment of rights resulting from an insurance agreement, blank promissory note, power of attorney to accounts, letter of support by INPRO SA
PEKAO S.A.	PLN	1 000	-	31/12/2015	PLN 2,000 k	Land and mortgage register GD1G/00215282/3 (current assets)	Gdańsk Jasień, plot No. 251/6	blank promissory note
			-					

Capital Group in relation to lease agreements as at 31/12/2015

Financing party	Object of the agreement	Agreement number	Initial value in thousands of PLN	Date of termination of the agreement	Liability as at the end of the period	Short-term part	Long-term part
Inpro SA							
BGŻ Leasing Spółka z o.o.	Two Liebherr 71 EC-B 5 tower cranes	3859/10/BG	464	2015/12/15	1	1	-
Caterpillar Financial Service Poland Sp. z o.o.	428 F digger-loader	OL-026954	242	2016/08/31	48	48	-
Domesta Sp. z o.o.							
Volkswagen Leasing Gbmh Sp. z o.o.	AUDI Q5	6706907-1214-07329	213	2016/09/30	79	79	-
Raiffeisen Leasing Polska S.A.	SUBARU	15/011787(UL)	104	2018/05/31	84	34	50
Hotel Mikołajki Sp. z o.o.							
PKO leasing SA	CITROEN C5	B/O/OL/2013/02/0008	92	2016/02/15	3	3	-
PKO leasing SA	CITROEN JUMPER	L/O/OL/2013/05/0009	77	2016/07/15	13	13	-
PKO leasing SA	Recycling machine	B/O/WA/2014/11/46	157	2018/11/15	102	19	83
PKO leasing SA	Two Melex vehicles	B/O/OL/2013/08/0003	72	2016/08/15	16	16	-
Dom Zdrojowy Sp. z o.o.							
VOLKSWAGEN	Skoda Superb	6922827-1215-5480	100	2018/04/30	63	28	35

Unless indicated otherwise, all amounts were given in thousands of zlotys

PSA Finance	CITROEN C4 Cactus	9400876372.	48	2018/05/25	33	14	19
PSA Finance	CITROEN Berlingo VAN	9400876382.	45	2018/05/25	33	13	20
inBet Sp. z o.o.							
RCI Leasing Polska Spółka z o.o.	Nissan Micra ACENTA	9000002616	33	2019/02/05	21	6	15
SG Equipment Leasing Polska Sp.z o.o.	JCB 411HT front-end loader	50399	226	2022/05/01	211	26	185
SG Equipment Leasing Polska Sp.z o.o.	JCB SC240 sweeper	20449	23	2018/05/05	17	7	10
SG Equipment Leasing Polska Sp.z o.o.	Aggregate transport line	50448	98	2022	85	10	75
RCI Leasing Polska Spółka z o.o.	Nissan Micra ACENTA	9000003077	32	2019/08/17	23	6	17
BGŻ NP Paribas Spółka Akcyjna	ALUP compressor + drier	62597/12/2015	55	2019/11/30	50	9	41
Idea Leasing Spółka z o.o. Sp.k.	EURA 16/9 bending machine	19398/SK	841	2020/11/13	457	63	394
					1 339	**395**	**944**

Unless indicated otherwise, all amounts were given in thousands of zlotys

Capital Group in relation to lease agreements as at 31/12/2014

Financing party	Object of the agreement	Agreement number	Initial value in PLN	Date of termination of the agreement	Liability as at the end of the period	Short-term part	Long-term part
Inpro SA							
BGŻ Leasing Spółka z o.o.	Two Liebherr 71 EC-B 5 tower cranes	3859/10/BG	464	2015/12/15	103	103	-
Caterpillar Financial Service Poland Sp. z o.o.	428 F digger-loader	OL-026954	242	2016/08/31	115	66	49
Dom Zdrojowy Sp. z o.o.							
PSA Finance	CITROEN C5 car	9300578182	45	2015/02/29	2	2	-
Domesta Sp. z o.o.							
Volkswagen Leasing Gmbh Sp. z o.o.	AUDI Q5 car	6706907-1214-07329	213	2016/09/30	135	56	79
Hotel Mikołajki Sp. z o.o.							
PKO leasing SA	CITROEN C5 car	B/O/OL/2013/02/0008	92	2016/02/15	30	26	4
PKO leasing SA	CITROEN JUMPER car	L/O/OL/2013/05/0009	77	2016/07/15	32	19	12
PKO leasing SA	Two Melex vehicles	B/O/OL/2013/08/0003	72	2016/08/15	31	15	17
					448	**287**	**161**

Unless indicated otherwise, all amounts were given in thousands of zlotys

Minimum future lease payments in relation to those agreements are as follows:

Nominal value of minimum lease payments	31/12/2015	31/12/2014
Within 1 year	395	287
Within 1 to 3 years	463	161
Within 3 to 5 years	382	-
More than 5 years	99	-
Total liabilities relating to finance lease - minimum total lease payments	**1 339**	**448**

28. Trade and other liabilities

Long-term liabilities	31/12/2015	31/12/2014
Towards related entities	**-**	**180**
trade liabilities	-	180
Towards other entities	**2 256**	**2 013**
trade liabilities	1 756	2 013
other liabilities	500	-
Total trade and other long-term liabilities	**2 256**	**2 193**

Short-term liabilities	31/12/2015	31/12/2014
Towards related entities	**24**	**801**
trade liabilities	24	801
Towards other entities	**76 137**	**64 334**
trade liabilities	32 849	10 339
payroll payable	863	645
state budget liabilities other than current income tax	1 421	1 128
advances received	40 490	51 984
other liabilities	514	238
Total trade and other short -term liabilities	**76 161**	**65 135**

Unless indicated otherwise, all amounts were given in thousands of zlotys

Total trade and other liabilities	**78 417**	**67 328**

The conditions of transactions with related entities are presented in item 31 of additional information.
Trade liabilities are not interest-bearing and are usually settled within 30-day periods.
Other liabilities are not interest-bearing and their average payment term is usually 1 month.
The amount following from the difference between value added tax receivable and payable is paid to the competent tax authorities in the required periods.

29. Contingent liabilities and receivables

29.1 Contingent liabilities

Continent liabilities	**31/12/2015**	**31/12/2014**
Liabilities in relation to bank guarantees granted mainly as a security on the performance of trade agreements	68	-
Total contingent liabilities	**68**	**-**

The above contingent liability is constituted by a bank guarantee granted by Bank Millennium to a third party entity thus constituting a performance security for the works by PI ISA Sp. z o.o. Guarantee expiry date: 14.01.2016 r.
Contingent liabilities within the Group were excluded in the consolidation process. Their schedule with description is included in the separate financial statements of INPRO SA.

29.2 Contingent receivables

Contingent receivables	**31/12/2015**	**31/12/2014**
Guarantees received	379	203
Total contingent receivables	**379**	**203**

29.3 Planned capital expenditure

The Group's capital expenditure planned for 2016 is approximately PLN 5,000 k and are mainly related to the planned extension and modernisation of plant in inBet Sp. z o.o and with the project being implemented in Mikołajki (the construction of the link building).

29.4 Court cases

The Group was not a party to significant court proceedings as at 31 December 2015.

29.5 Tax settlements

Tax settlements and other areas of activity subject to the regulations (e.g. customs or foreign currency matters) may be inspected by administrative bodies authorised to impose high penalties and other sanctions. The lack of reference to established legal provisions in Poland causes ambiguities and inconsistencies in the binding legal provisions. Frequent differences in opinions about the legal interpretation of tax provisions both within state bodies and between them and enterprises cause the rise of uncertainty and conflict areas. Those phenomena cause the tax risk in Poland to be significantly higher than that existing in countries with a more developed tax system.

Unless indicated otherwise, all amounts were given in thousands of zlotys

Tax settlements may be the subject to inspection for a five year period from the end of a year in which tax was paid. As a result of inspections, the Group's previous tax settlements may be increased by additional tax liabilities.

30. Securities established on Group's assets

Securities established on Group's assets as at 31/12/2015 and as at 31/12/2014:

	31/12/2015	31/12/2014
- on fixed assets	76 746	101 798
- on current assets	136 350	140 511
Total	**213 096**	**242 309**

Securities established by Group companies as at 31/12/2015

Securities established on fixed assets:

1. A joint contractual real estate mortgage in the amount of PLN 54,321 k established on real estate situated in Mikołajki (land and mortgage registers No. OL1M/00026392/3 and KW OL1M/00025679/2) for Powszechna Kasa Oszczędności Bank Polski S.A. the Regional Corporate Branch Office in Gdańsk, in relation to credit granted to Hotel Mikołajki Sp. z o.o.

2. Inbet Sp.z o.o.– a joint contractual real estate mortgage up to 5 million zlotys on real estate covered by land and mortgage registers Nos. GD1G/00099866/1, GD1G/00093764/4, GD1G/00089506/7, GD1G/00090982, GD1G/00091255/9, GD1G/00091429/0 for PEKAO Leasing Sp. z o.o. as a security of operating lease agreement No. 38/0211/15 of 24 June 2015.

3. A mortgage up to PLN 2,000 k established on plot No. 186/2 located in Gdańsk Jasień ul. Cementowa 5-9– land and mortgage register No. GD1G/00072944/7, for PEKAO SA to secure overdraft facility granted to PB DOMESTA Sp. z o.o.

4. Mortgage up to PLN 425 k on real estate located in Gdańsk, ul. Opata Jacka Rybińskiego 8, land and mortgage register No. GD1G/00082949/5, constituting security for an overdraft facility obtained by PI ISA Sp. z o.o.

5. Registered pledges on the shares of INPRO in Hotel Mikołajki Sp. z o.o. described in detail in note No. 2.3

6. Contractual mortgage up to PLN 15,000 k in favour of PKO BP on the share of INPRO S.A. in the amount of 5799/10000 parts in the perpetual usufruct right to the real estate situated in Gdańsk, Opata Jacka Rybińskiego street
(legal security for the repayment of the revolving working capital overdraft)

Securities established on current assets:

This concerns legal securities established on current assets.

The schedule of mortgages established on current assets as at 31 December 2015 in the total amount of PLN 136,350 k is included in note No. 27 of additional information.

Securities established by Group companies as at 31/12/2014

Securities on fixed assets

1. A joint contractual real estate mortgage in the amount of PLN 54,321 k established on real estate situated in Mikołajki (land and mortgage registers No. OL1M/00026392/3 and KW OL1M/00025679/2) for Powszechna Kasa Oszczędności Bank Polski S.A. the Regional Corporate Branch Office in Gdańsk, in relation to credit granted to Hotel Mikołajki Sp. z o.o.

2. A contractual real estate mortgage up to PLN 30,000 k established on the ownership title to premises with the 56.820/100.000 share in the joint ownership of the real estate from which the premises were separated, such real estate situated in Jastarnia, ul. Kościuszki 2A (land and mortgage register GD2W/00040638/7) for Hogan Lovells (Warszawa) LPP (a partnership) as a security for 2,000 bearer bonds of the nominal value of PLN 10 k each, issued by INPRO SA on 14/08/2013, the buyout date 14/08/2015. The total early buyout took place on 11/03/2015.

3. A mortgage up to PLN 2,000 k established on plot No. 251/6 located in Gdańsk Jasień – land and mortgage register No. GD1G/00215282/3, for PEKAO SA to secure overdraft facility granted to PB DOMESTA Sp. z o.o.

4. A mortgage up to PLN 477 k on the ownership title to real estate in Jastarnia, comprised by land and mortgage register No. GD2W/00042989/6, constituting a security for the operating lease agreement No. O/GD/2008/07/206 of 09/07/2008 (the lease of a motor yacht at PKO Leasing SA).

5. Registered pledges on the shares of INPRO in Hotel Mikołajki Sp. z o.o. described in detail in note No. 34.6 "Credit risk" in the total amount of PLN 15.780 k.

6. Contractual mortgage up to PLN 15,000 k in favour of PKO BP on the share of INPRO S.A. in the amount of 5799/10000 parts in the perpetual usufruct right to the real estate situated in Gdańsk, Opata Jacka Rybińskiego street
(legal security for the repayment of the revolving working capital overdraft, details in current report No. 44/2014 of 04/12/2014)

Securities on current assets

This concerns legal securities established on current assets.
The schedule of mortgages established on current assets as at 31 December 2014 in the total amount of PLN 140,511 k is included in note No. 27 of additional information.

31. Information on transactions between related entities

31.1 Transactions with related entities

Transactions between the Company (INPRO SA) and its subsidiaries and between subsidiaries which are related entities were excluded in the process of consolidation, so they are not presented in this note.
Information about transactions between the Parent Entity and its subsidiaries was presented in selected financial statements of INPRO SA.

Information about transactions between the Group and other related entities is presented below.

SHORT-TERM RECEIVABLES/LIABILITIES at 31/12/2015			DEBTOR							
			related entities (full consolidation)						other related entities	
			Inpro SA	inBet Sp. z o.o.	Dom Zdrojowy Sp. z o.o.	P.B. Domesta Sp. z o.o.	Hotel Mikołajki Sp. z o.o.	Isa Sp. z o.o.	Hotel Oliwski Sp. z o.o.	Members of the Management Board
CREDITOR	related entities (full consolidation)	Inpro SA	Excluded in the process of consolidation						-	-
		inBet Sp. z o.o.							-	-
		Dom Zdrojowy Sp. z o.o.							-	10
		P.B. Domesta Sp. z o.o.							-	-
		Hotel Mikołajki Sp. z o.o.							-	-
		Isa Sp. z o.o.							-	-
	TOTAL for related entities							**-**		**10**
	other related entities	Hotel Oliwski Sp. z o.o.	-	-	-	-	-	-		
		Members of the Management Board	-	-	18	-	6	-		
	TOTAL for other related entities							**24**		**-**

<table>
<tr><th colspan="3" rowspan="3">LONG-TERM RECEIVABLES/LIABILITIES at 31/12/2015</th><th colspan="8">DEBTOR</th></tr>
<tr><th colspan="6">related entities (full consolidation)</th><th colspan="2">other related entities</th></tr>
<tr><th>Inpro SA</th><th>inBet Sp. z o.o.</th><th>Dom Zdrojowy Sp. z o.o.</th><th>P.B. Domesta Sp. z o.o.</th><th>Hotel Mikołajki Sp. z o.o.</th><th>Isa Sp. z o.o.</th><th>Hotel Oliwski Sp. z o.o.</th><th>Members of the Management Board</th></tr>
<tr><td rowspan="12">CREDITOR</td><td rowspan="6">related entities</td><td>Inpro SA</td><td colspan="6" rowspan="6">Excluded in the process of consolidation</td><td>-</td><td>-</td></tr>
<tr><td>inBet Sp. z o.o.</td><td>-</td><td>-</td></tr>
<tr><td>Dom Zdrojowy Sp. z o.o.</td><td>-</td><td>-</td></tr>
<tr><td>P.B. Domesta Sp. z o.o.</td><td>-</td><td>-</td></tr>
<tr><td>Hotel Mikołajki Sp. z o.o.</td><td>-</td><td>-</td></tr>
<tr><td>Isa Sp. z o.o.</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">TOTAL for related entities</td><td colspan="6">-</td><td colspan="2">-</td></tr>
<tr><td rowspan="2">other related entities</td><td>Hotel Oliwski Sp. z o.o.</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td></td><td></td></tr>
<tr><td>Members of the Management Board</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td></td><td></td></tr>
<tr><td colspan="2">TOTAL for other related entities</td><td colspan="6">-</td><td colspan="2">-</td></tr>
</table>

Unless indicated otherwise, all amounts were given in thousands of zlotys

REVENUES / COSTS 01/01/2015-31/12/2015			BUYER									
			related entities - full consolidation						other related entities			
			Inpro SA	inBet Sp. z o.o.	Dom Zdrojowy Sp. z o.o.	P.B. Domesta Sp. z o.o.	Hotel Mikołajki Sp. z o.o.	Isa Sp. z o.o. (01.07.2015-31.12.2015)	Isa Sp. z o.o. (01.01.2015-30.06.2015)	Hotel Oliwski Sp. z o.o.	Inpro Management Sp. z o.o	Members of the Management Board
SELLER	related entities	Inpro SA	Transactions excluded in the process of consolidation						36	-	1	293
		inBet Sp. z o.o.							-	-	-	-
		Dom Zdrojowy Sp. z o.o.							-	-	-	103
		P.B. Domesta Sp. z o.o.							-	-	-	-
		Hotel Mikołajki Sp. z o.o.							-	-	-	41
		Isa Sp. z o.o. (01.07.2015-31.12.2015)								-	-	-
	TOTAL for related entities		**-**						**474**			
	other related entities	Isa Sp. z o.o. (01.01.2015-30.06.2015)	3 016	-	-	237	-					
		Hotel Oliwski Sp. z o.o.	-	-	8	-	-	-				
		Inpro Management s.c.	1 426	-	-	-	-	-				
		Members of the Management Board	-	-	228	-	177	-				
	TOTAL for other related entities		**5 092**						**-**			

COMPARATIVE DATA:

SHORT-TERM RECEIVABLES/LIABILITIES at 31/12/2014			DEBTOR								
			related entities (full consolidation)					other related entities			
			Inpro SA	inBet Sp. z o.o.	Dom Zdrojowy Sp. z o.o.	P.B. Domesta Sp. z o.o.	Hotel Mikołajki Sp. z o.o.	Hotel Oliwski Sp. z o.o.	Isa Sp. z o.o.	Inpro Management Sp. z o.o	Members of the Management Board
CREDITOR	related entities	Inpro SA	excluded in the process of consolidation					-	8	-	-
		inBet Sp. z o.o.						-	-	-	-
		Dom Zdrojowy Sp. z o.o.						-	-	-	8
		P.B. Domesta Sp. z o.o.						-	-	-	-
		Hotel Mikołajki Sp. z o.o.						-	-	-	-
	TOTAL for related entities		**-**					**16**			
	other related entities	Hotel Oliwski Sp. z o.o.	-	-	2	-	-				
		Isa Sp. z o.o.	692	-	-	66	-				
		Inpro Management s.c.	-	-	-	-	-				
		Members of the Management Board	-	-	25	-	16				
	TOTAL for other related entities		**801**					**-**			

LONG-TERM RECEIVABLES/LIABILITIES as at 31/12/2014			DEBTOR: related entities (full consolidation)					DEBTOR: other related entities			
			Inpro SA	inBet Sp. z o.o.	Dom Zdrojowy Sp. z o.o.	P.B. Domesta Sp. z o.o.	Hotel Mikołajki Sp. z o.o.	Hotel Oliwski Sp. z o.o.	Isa Sp. z o.o.	Inpro Management Sp. z o.o	Members of the Management Board
CREDITOR	related entities	Inpro SA	excluded in the process of consolidation					-	-	-	-
		inBet Sp. z o.o.						-	-	-	-
		Dom Zdrojowy Sp. z o.o.						-	-	-	-
		P.B. Domesta Sp. z o.o.						-	-	-	-
		Hotel Mikołajki Sp. z o.o.						-	-	-	-
	TOTAL for related entities		**-**					**-**			
	other related entities	Hotel Oliwski Sp. z o.o.	-	-	-	-	-				
		Isa Sp. z o.o.	180	-	-	-	-				
		Inpro Management s.c.	-	-	-	-	-				
		Members of the Management Board	-	-	-	-	-				
	TOTAL for other related entities		**180**					**-**			

Unless indicated otherwise, all amounts were given in thousands of zlotys

<table>
<tr><th colspan="3" rowspan="3">REVENUES / COSTS
01/01/2014-31/12/2014</th><th colspan="9">BUYER</th></tr>
<tr><th colspan="5">related entities - full consolidation</th><th colspan="4">other related entities</th></tr>
<tr><th>Inpro SA</th><th>inBet Sp. z o.o.</th><th>Dom Zdrojowy Sp. z o.o.</th><th>P.B. Domesta Sp. z o.o.</th><th>Hotel Mikołajki Sp. z o.o.</th><th>Hotel Oliwski Sp. z o.o.</th><th>Isa Sp. z o.o.</th><th>Inpro Management Sp. z o.o</th><th>Members of the Management Board</th></tr>
<tr><td rowspan="12">SELLER</td><td rowspan="5">related entities</td><td>Inpro SA</td><td colspan="5" rowspan="5">Transactions excluded in the process of consolidation</td><td>1</td><td>78</td><td>2</td><td>-</td></tr>
<tr><td>inBet Sp. z o.o.</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Dom Zdrojowy Sp. z o.o.</td><td>3</td><td>-</td><td>-</td><td>62</td></tr>
<tr><td>P.B. Domesta Sp. z o.o.</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Hotel Mikołajki Sp. z o.o.</td><td>-</td><td>-</td><td>-</td><td>67</td></tr>
<tr><td colspan="2">TOTAL for related entities</td><td colspan="5">**-**</td><td colspan="4">**213**</td></tr>
<tr><td rowspan="4">other related entities</td><td>Hotel Oliwski Sp. z o.o.</td><td>3</td><td>-</td><td>19</td><td>-</td><td>-</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Isa Sp. z o.o.</td><td>6 576</td><td>-</td><td>1</td><td>394</td><td>-</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Inpro Management s.c.</td><td>1 955</td><td>-</td><td>-</td><td>-</td><td>-</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Members of the Management Board</td><td>-</td><td>-</td><td>244</td><td>-</td><td>159</td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="2">TOTAL for other related entities</td><td colspan="5">**9 351**</td><td colspan="4">**-**</td></tr>
</table>

31.2 Conditions of transactions with related entities

Transactions with related entities are effected on terms and conditions equivalent to those binding in transactions with other entities.

Unless indicated otherwise, all amounts were given in thousands of zlotys

31.3 Remuneration of the Group's senior management

The remuneration of the senior management comprises:

The remuneration paid to the senior management (with surcharges) comprises:	01/01/2015-31/12/2015	01/01/2014 - 31/12/2014
The Management Board of the Parent Entity*	**2 476**	**1 955**
Short-term employee benefits	2 476	1 955
Retirement severance pay		
Benefits related to employment relationship termination		
The Management Board of subsidiaries	**1 260**	**850**
Short-term employee benefits	1 260	850
Retirement severance pay		
Benefits related to employment relationship termination		
The Supervisory Board of the Parent Entity	**108**	**58**
Short-term employee benefits	108	58
Retirement severance pay		
Benefits related to employment relationship termination		
The Supervisory Board of subsidiaries	**250**	**198**
Short-term employee benefits	250	198
Retirement severance pay		
Benefits related to employment relationship termination		
Other senior management	**2 725**	**1 931**
Short-term employee benefits	2 716	1 898
Retirement severance pay	9	9
Benefits related to employment relationship termination		24
Total	**6 819**	**4 992**

32. Purposes and objectives of financial risk management

The main financial instruments used by the Group include bank loans, finance lease agreements, lease agreements with a purchase option, issued bonds, cash and short-term deposits. The main purpose of those financial instruments is to obtain funds for the Group's activity. The Group also has other financial instruments such as trade receivables and liabilities which arise directly in the course of its activity.

The main kinds of risk arising from the Group's financial instruments comprise the interest rate, liquidity and credit risks. The Management Board reviews and agrees the principles of managing each of those kinds of risk. Those principles were briefly discussed below.

32.1 Interest rate risk

The Group has credit liabilities for which interest is computed on the basis of a variable interest rate, in relation to which there is a risk of the increase of those rates against the time when the agreement was entered into. Moreover, the Group invests free cash in investments bearing variable interest, in which case the profits from

Unless indicated otherwise, all amounts were given in thousands of zlotys

investments decrease if interest rates fall down. Information on assets and liabilities exposed to the interest rate risk was presented in the notes below.
In view of the fact that the Group had both assets and liabilities bearing variable interest (a fact which balanced the risk) in the reporting period and of insignificant fluctuations of interest rates in the past periods, as well as in view of no foreseeable sudden interest rate changes in the next reporting periods, the Group did not use interest rate hedging because it considered the interest rate risk not to be significant.
Irrespective of the present situation, the Group monitors the interest rate risk exposure and the forecast interest rates and does not exclude hedging activities in the future.

The table below shows the balance sheet value of the Group's financial instruments exposed to the interest rate risk broken down to various age categories.

01/01/2015-31/12/2015					
Fixed interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets	18 518	**-**	**-**	**-**	18 518
Liabilities relating to finance lease and lease agreements with a purchase option	(395)	(463)	(382)	(99)	(1 339)
Total	**18 123**	**(463)**	**(382)**	**(99)**	**17 179**

Variable interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets	8 710	**-**	**-**	**-**	8 710
Short term financial assets	7 821	-	-	-	7 821
Bank credits	(19 095)	(13 371)	(4 533)	(15 459)	(52 458)
Total	**(2 564)**	**(13 371)**	**(4 533)**	**(15 459)**	**(35 927)**

01/01/2014 - 31/12/2014					
Fixed interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets	21 351	**-**	**-**	**-**	21 351
Liabilities relating to finance lease and lease agreements with a purchase option	(287)	(161)	-	-	(448)
Total	**21 064**	**(161)**	**-**	**-**	**20 903**

Variable interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets	17 364	-	-	-	17 364
Short term financial assets	9 576	-	-	-	9 576
Bank credits	(22 459)	(26 917)	(4 532)	(18 130)	(72 038)
Debt instrument liabilities	(20 403)				(20 403)
Total	**(15 922)**	**(26 917)**	**(4 532)**	**(18 130)**	**(65 501)**

Unless indicated otherwise, all amounts were given in thousands of zlotys

The interest rate on variable interest rate financial instruments is updated in periods below one year. Interest on fixed interest financial instruments is fixed throughout the period to the maturity of those instruments. The Group's other financial instruments not covered in the tables above do not bear interest and are therefore not subject to the interest rate risk.

32.2 Foreign currency risk

The Group is not exposed to the currency conversion rate risk because of insignificant sales of products in a foreign currency and because of the coverage of the majority of the costs of production in the national currency. Moreover, all the Group's credits, loans and deposits are denominated in the national currency. The currency risk is insignificant.

No receivables in foreign currencies occurred as at the balance sheet date or 31/12/2014.

The Group had no foreign currency liabilities as at the balance sheet date or 31/12/2014.

32.3 Other price risk

The Company is not exposed to another significant price risk related to financial instruments, there is, however, a price risk related to the prices of both the Company's products and of the materials. The Company's products and raw materials are not commonly offered on commodity exchanges, a fact which prevents the implementation of hedging strategies.

32.4 Market risk sensitivity analysis

As at 31 December 2015 and 31 December 2014 the Company does not have receivables and liabilities expressed in a foreign currency.

The potentially possible changes concerning the market risk were assessed by the Company as follows:
1.0% change of the PLN interest rate (an increase or decrease of that rate),
The above figures were determined on the annual basis.
The sensitivity analysis conducted by the Group does not take the impact of taxation into account.

The influence of potentially possible changes on the Company's accounting profit and capital is presented in the table below:

31/12/2015

Item in the financial statements	value of the item	Interest rate risk				Foreign currency risk	
		impact on the result		impact on the capital		impact on the result	
		+ 100 base points	- 100 base points	+ 100 base points	- 100 base points	+ 100 base points	- 100 base points
Bank deposits	13 114	131	(131)	-	-	-	-
Credits incurred	52 458	(525)	525	-	-	-	-
Total increase / (decrease) before income tax		(394)	394	-	-	-	-
Income tax		75	(75)				
Total increase / (decrease) after income tax		(319)	319				

Unless indicated otherwise, all amounts were given in thousands of zlotys

31/12/2014

Item in the financial statements	value of the item	Interest rate risk				Foreign currency risk	
		impact on the result		impact on the capital		impact on the result	
		+ 100 base points	- 100 base points	+ 100 base points	- 100 base points	+ 100 base points	- 100 base points
Bank deposits	15 207	152	(152)	-	-	-	-
Debt securities issued - bonds	20 403	(204)	204				
Credits incurred	72 038	(720)	720	-	-	-	-
Total increase / (decrease) before income tax		(772)	772	-	-	-	-
Income tax		147	(147)				
Total increase / (decrease) after income tax		(625)	625				

1. Bank deposits

31/12/2015

These comprise short-term deposits (with variable interest - overnight, deposits on escrow accounts) in the amount of PLN 13,114 k

Sensitivity to change by +/- 100 base points of market percentage rates in PLN
+/-[PLN 13,114 k x 100pb]= PLN 131 k

31/12/2014

These comprise short-term deposits (with variable interest - overnight, deposits on escrow accounts) in the amount of PLN 15,207 k

Sensitivity to change by +/- 100 base points of market percentage rates in PLN
+/-[PLN 15,207 k x 100pb]= PLN 152 k

2. Bonds

31/12/2015

None

31/12/2014

Variable interest bonds in the amount of PLN 20,403 k
Sensitivity to change by +/- 100 base points of market percentage rates in PLN
[PLN 20,403 k x 100 base points] = PLN 204 k

3. Credits

31/12/2015

Variable interest credit in the amount of PLN 52,458 k

Sensitivity to change by +/- 100 base points of market percentage rates in PLN
+/-[PLN 52,458 k x 100 base points/] = PLN 525 k

Unless indicated otherwise, all amounts were given in thousands of zlotys

31/12/2014
Variable interest credit in the amount of PLN 72,038 k
Sensitivity to change by +/- 100 base points of market percentage rates in PLN
+/-[PLN 72,038 k x 100 base points/] = PLN 720 k

32.5 Credit risk

The Company is exposed to credit risk understood as the risk of the creditors failing to meet their obligations and thus causing the Group to suffer losses. The maximum exposure to credit risk as at the balance sheet date is PLN 8,271 k (as at 31 December 2014: PLN 4,123 k) and was estimated as the balance sheet value of receivables (note 22 – gross trade receivables adjusted with revaluation deductions)

01/01/2015-31/12/2015			**Unimpaired overdue receivables**				
Age structure of financial receivables	Nominal value of receivables	Unimpaired overdue receivables	<30 days	31-90 days	91-180 days	181-360 days	>365 days
Trade receivables	8 271	7 469	235	37	98		432

01/01/2014-31/12/2014			**Unimpaired overdue receivables**				
Age structure of financial receivables	Nominal value of receivables	Unimpaired overdue receivables	<30 days	31-90 days	91-180 days	181-360 days	>365 days
Trade receivables	4 123	3 358	361	225	107	-	72

In the opinion of the Company's Management Board, no significant concentration of the credit risk occurs because the Company has many customers. The Company takes steps aiming the limitation of the credit risk, such steps consisting in: checking the customers' credit rating, fixing credit limits, monitoring the customers' situation, obtaining securities (promissory notes, letters of credit, sureties and securities on movable property and real estate). Receivables were not secured as at 31/12/2015.

In view of the above, in the opinion of the Company's Management Board, the credit risk was covered in the financial statements by way of creation of valuation allowances.

Revaluation deductions in relation to credit losses	**01/01/2015 -31/12/2015**	**01/01/2014 -31/12/2014**
Status as at 1 January	**321**	**137**
Increases	17	215
Decrease	(73)	(31)
Status as at 31 December	**265**	**321**

Credit risk related to bank deposits, derivative instruments and other investments is considered insignificant because the Company effected transactions with companies with an established financial position.

There is no significant concentration of the credit risk in the Group.

Unless indicated otherwise, all amounts were given in thousands of zlotys

32.6 Liquidity risk

The Group is exposed to liquidity loss risk understood as the risk of losing the capacity to pay liabilities within the specified time limits. The risk stems from the potential restriction of access to financial markets, which may result in the lack of an opportunity to obtain new finance or to refinance its debt. In the opinion of the Company's Management Board, the safe amount of cash as at the balance sheet date (note 24) available credit lines (note 27) and the Company's good financial condition cause that the liquidity loss risk should be assessed as slight.

Cash at bank and in hand (rating grade by EuroRating):

Item in the financial statements	31/12/2015	31/12/2014
cash at bank and in hand	27 228	38 715
Other short-term financial assets (advances on separate revenue accounts)	7 821	9 576
Total	**35 049**	**48 291**

Rating grade	31/12/2015	31/12/2014
Bank with rating grade A-	19 435	34 243
Bank with rating grade BBB	5 749	2 794
Bank with rating grade BB+	169	28
Bank with rating grade BB-	-	67
Bank with rating grade CCC	10	925
Cash	9	8
Total	**25 372**	**38 065**

The analysis of financial liabilities in time intervals was presented below. The figures constitute non-discounted cash flows, which are the Company's maximum risk exposure.

01/01/2015-31/12/2015		**Liabilities mature in the period**			
Age structure of financial liabilities	**Total liabilities**	**up to 30 days**	**from 31 to 90 days**	**from 91 to 365 days**	**above 365 days (see note below)**
Trade liabilities	34 629	7 499	6 068	19 306	1 756
Loans and credits	52 458	720	2 665	15 710	33 363
Other financial liabilities	1 339	34	75	286	944
Payroll payable	863	863			
Other liabilities	1 014	514			500
Total	**90 303**	**9 630**	**8 808**	**35 302**	**36 563**

Liabilities mature above 365 days	1-3 years	3-5 years	>5 years	Total
Trade liabilities	1 559	194	3	1 756
Loans and credits	13 371	4 533	15 459	33 363
Other financial liabilities	463	382	99	944
Other liabilities	500	-	-	500
Total	**15 893**	**5 109**	**15 561**	**36 563**

Unless indicated otherwise, all amounts were given in thousands of zlotys

01/01/2014-31/12/2014		**Liabilities mature in the period**			
Age structure of financial liabilities	**Total liabilities**	**up to 30 days**	**from 31 to 90 days**	**from 91 to 365 days**	**above 365 days (see note below)**
Trade liabilities	13 333	10 645	492	3	2 193
Bonds issued	20 403	-	803	19 600	-
Loans and credits	72 038	20 381	378	1 700	49 579
Other financial liabilities	448	179	26	82	161
Payroll payable	645	645			
Other liabilities	238	238			
Total	**107 105**	**32 088**	**1 699**	**21 385**	**51 933**

Liabilities mature above 365 days	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Trade liabilities	2 193	-	-	2 193
Bonds issued	-	-	-	-
Loans and credits	26 837	4 452	18 290	49 579
Other financial liabilities	161	-	-	161
Total	**29 191**	**4 452**	**18 290**	**51 933**

33. Capital management

The Group manages its capital to retain the capacity to continue as a going concern with the implementation of the planned investments taken into account to be able to generate a return to the shareholders and yield benefits to the other stakeholders.
In accordance with the market practice, the Group monitors capital on the basis of, among other things, the net worth ratio and the credit, loan and other sources of finance to EBITDA ratio.

The ratio concerning the financing of assets with equity is calculated as the equity to total assets ratio. In relation to the previous year, that ratio increased by 0.06.

The debt to equity ratio calculated as the relationship of liabilities to equity decreased from 0.79 as at 31/12/2014 to 0.61 as at 31/12/2015).

The net worth ratio is calculated as the net value of property, plant and equipment (equity less intangibles) to the balance sheet total.

The credits, loans and other sources of finance to EBITDA ratio is calculated as the ratio of credits, loans and other sources of finance to EBITDA. Credits, loans and other sources of finance means the total liability in relation to credits, loans and leases, and EBITDA is the profit from operating activities plus depreciation.

To maintain financial liquidity and credit capacity enabling borrowing at a reasonable cost level, the Company assumes that it will maintain the net worth ratio at the level not lower than 0.3, and of the credits, loans and other sources of finance to EBITDA ratio at the level of up to 10.

Equity to total assets ratio	**31/12/2015**	**31/12/2014**
Equity	228 817	207 027
Total assets	368 184	371 326
	0.62	**0.56**

Unless indicated otherwise, all amounts were given in thousands of zlotys

Relationship between liabilities and equity	31/12/2015	31/12/2014
Total liabilities	139 367	164 299
Equity	228 817	207 027
	0.61	**0.79**

Net worth ratio	31/12/2015	31/12/2014
Total equity less intangibles	221 964	201 120
Balance sheet total	368 184	371 326
	0.60	**0.54**

Ratio: Credits, loans and other sources of finance/EBITDA	31/12/2015	31/12/2014
Profit from operating activities	33 694	12 697
Plus: depreciation	6 047	5 853
EBITDA	**39 741**	**18 550**
Credits, loans and other sources of finance	**53 797**	**92 889**
	1.35	**5.01**

34. Financial instruments

The fair value of the financial instruments held by the Group as at 31 December 2015 and 31 December 2014 did not differ considerably from the figures presented in the consolidated financial statements for the particular periods for the following reasons:

• a discounting effect, if any, in relation to short-term instruments is not significant;
• those instruments concern the transactions effected on market conditions.

Financial assets	Category	31/12/2015	31/12/2014 processed data*	31/12/2014 published data
Trade and other receivables	loans and receivables	8 271	4 123	7 459
Short-term financial assets		7 821	9 576	9 576
Cash and cash equivalents		27 228	38 715	38 715
		43 320	**52 414**	**55 750**

*Other liabilities (including state budget liabilities) not being financial instruments were included in the published consolidated statements for 2014, note No. 36 "Financial instruments."

Unless indicated otherwise, all amounts were given in thousands of zlotys

Financial liabilities	**Category**	**31/12/2015**	**31/12/2014 processed data***	**31/12/2014 published data**
Long-term loans and bank credits	financial liabilities valued as at the amortised cost	8 839	22 383	22 383
Short-term loans and bank credits	as above	16 828	20 193	20 193
Trade and other liabilities	as above	32 355	11 405	63 143
Payroll payable	as above	-	20 403	20 403
Other liabilities	as above	259	238	-
Debt instrument liabilities (short-term)	as above	-	49	49
Other long-term financial liabilities (lease)	as above	49	170	170
Other short-term financial liabilities (lease)	as above	881	206	-
		59 211	**75 047**	**126 341**

* Other liabilities (including advances on supplies and state budget liabilities) not being financial instruments were included in the published consolidated statements for 2014, in note No. 36 "Financial instruments."

Revenue, cost, profit and loss items included in the statement of total income divided into financial instrument categories

01/01/2015-31/12/2015	**Loans and receivables**	**Financial liabilities valued at the amortised cost**	**Total**
Interest revenues/costs	49	(1 641)	**(1 592)**
Reversal/creation of revaluation deductions	56	-	**56**
Changes in liabilities in relation to the issue of debt securities, following from the time for meeting the liability getting closer	-	(91)	**(91)**
Total	**105**	**(1 732)**	**(1 627)**

Unless indicated otherwise, all amounts were given in thousands of zlotys

01/01/2014-31/12/2014	Loans and receivables	Financial liabilities valued at the amortised cost	Total
Interest revenues/costs	7	(2 313)	**(2 306)**
Reversal/creation of revaluation deductions	(214)	-	**(214)**
Changes in liabilities in relation to the issue of debt securities, following from the time for meeting the liability getting closer	-	(352)	**(352)**
Total	**(207)**	**(2 665)**	**(2 872)**

35. Employment structure

The average employment level in the Group in the period from January to December 2015 and January to December 2014 respectively was as follows:

	01/01/2015-31/12/2015	01/01/2014-31/12/2014
Management Board of the Parent Entity*	3	3
Management Board of Group entities*	5	3
Administration	42	42
Sales Department	17	35
Production Division	187	207
Other	109	35
Total	**363**	**325**

*) Including the Management Board performing its tasks on the basis of the company management agreement (until July 2015), and on the basis of the rules detailed in the Report of the Activity of the Management Board since August 2015.

36. Remuneration of the statutory auditor or entity authorised to audit financial statements

1. For 2015:

a) audit of the annual consolidated financial statements and of annual separate financial statements of the INPRO SA Group companies PLN 79 k
b) review of the interim consolidated financial statements and of interim separate financial statements of the INPRO SA Group companies PLN 26 k

1. For 2014:

a) audit of the annual consolidated financial statements and of annual separate financial statements of the INPRO SA Group companies PLN 79 k
b) review of the interim consolidated financial statements and of interim separate financial statements of the INPRO SA Group companies PLN 26 k

37. Events after the balance sheet date

a) On 26/01/2016 INPRO SA signed with the consortium of banks: SGB – Bank SA and Bank Spółdzielczy w Tczewie a working capital credit agreement for PLN 6,000 k refinancing the construction of 24 premises in Gdańsk, buildings A and B at the Chmielna Park residential estate. The agreement was described in current report No. 2/2016 of 26/01/2016.
b) On 12/02/2016 the building permit for the construction of stage I of the estate at Stężycka Street in Gdańsk became valid in law.
c) On 01/03/2016 INPRO SA signed with the Municipality of the City of Gdańsk an agreement for the perpetual use of plot No. 222/2 in Gdańsk, Opacka street, for the price not exceeding 10 % of the Issuer's equity.
d) On 10/03/2016 INPRO SA signed with mBank SA a working capital credit agreement for PLN 31,000 k financing the construction of stage I of the Harmonia Oliwska residential estate. The agreement was described in current report No. 5/2016 of 10/03/2016.